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32nd ANNUAL REPORT ON AMERICAN INDUSTRY

How the 1,035 largest U.S. public companies and the 31 major U.S. industrial groups compare in profitability, growth and market performance on the FORBES Yardsticks. What lies ahead for them in 1980. And why.

Features

Capital Formation: *The Coming Showdown.* If you save money in the U.S., the government takes 30 cents to 40 cents of every dollar you earn in interest. But if you *borrow* money, Uncle Sam helps you pay the interest. That egalitarian bias toward consumption runs counter to the priorities of most other industrialized countries. It is deeply rooted in the American economy; and it is beginning to damage the goose that lays the golden eggs. 38

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The FORBES Yardsticks: 1979

How to use them

ALL TOLD, about 200,000 separate numbers were compiled for the FORBES 32nd Annual Report on American Industry. They measure management performance of 1,035 big public companies, most with latest fiscal year sales of at least $300 million.

The FORBES Yardsticks are a report card on U.S. industry, sizing up the 1,035 companies in several ways. We measure their profitability in terms of return on stockholders' equity and on total capital. We measure their growth in both earnings per share and sales. For current trends we track these figures for the latest 12 months, while for a longer view we look at them over the past five years. We also measure their debt-to-equity ratios, net profit margins and stock market performance.

Where to Find the Yardsticks

Industry Median Rankings, page 218
Profitability Rankings, page 221
Growth Rankings, page 232
Stock Market Rankings, page 241

Using all these measures, we compare each of the 1,035 companies against competitors in its own industry and against all 1,034 other companies. Finally, we compare the major industry groups themselves against one another. There are 31 groups this year, one more than last year. The new group, Media, had been part of the Leisure group; by separating it, we get a better comparison among companies in both groups.

To locate a company, refer to the table that begins on the next page: "Where to find the company." It lists the 1,035 companies alphabetically and gives the page of the story about its industry and the appropriate Yardsticks. You will also find in the alphabetical listing how that company ranks in profitability, growth and stock market performance.

How they are calculated

Return on stockholders' equity Companies obtain their capital from two sources: stockholders and creditors. Return on stockholders' equity is the percentage return on the stockholders' portion of the capital. We express earnings per common share (primary basis*) as a percentage of the stockholders' equity per share, assuming conversion of all convertible preferred, at the start of the year. The five-year return in our Yardsticks tables is the average of the returns calculated for the years 1975 through 1978 and the 12-month period ending with the most recent quarterly report. (For companies whose fiscal years end in January, February or March, the years 1976-79 are used in place of 1975-78.)

Return on total capital This figure is the percentage return on a combination of stockholders' equity (both common and preferred) plus capital from long-term debt including current maturities, minority stockholders' equity in consolidated subsidiaries and accumulated deferred taxes and investment tax credits. The profit figure used in this computation is the sum of net income, minority interest in net income and estimated aftertax interest paid on long-term debt—in other words, income before charges (which means, primarily, interest payments on long-term debt) relating to the nonequity portion of the capital.

The return on total capital is a "basic" measure of an enterprise's profitability. For companies that derive all of their capital from common equity, the two profitability measures would of course be identical. But a company that employs debt wisely can thereby boost return on stockholders' equity well above return on total capital. The time periods employed for this calculation are the same as for return on stockholders' equity.

Debt-to-equity ratio This ratio tells us to what extent management is using borrowed funds (leverage) in an attempt to increase profits. It is calculated as of the end of the last reported fiscal year by dividing long-term debt (including current maturities) by the sum of stockholders' equity, minority stockholders' interest and accumulated deferred taxes and investment tax credits. A high debt-to-equity ratio makes earnings more volatile and is usually considered prudent only in relatively stable industries.

Net profit margin This measure gives a view of profits different from either the return on stockholders' equity or the return on total capital. Calculated by dividing net profits for the latest 12 months by net sales, it reveals what percentage of each dollar of revenue is available for payment of dividends and reinvestment in the business.

Earnings-per-share growth This is a bit tricky. To even out short-run distortions caused by very poor or very good years, we reach back over ten years to measure five-year earnings-per-share growth. Using primary earnings per share, we take the average for the most recent five years (1975 through the latest 12 months) and compute the percentage change from the average for the preceding five years (1970 through 1974). We then express that change in terms of a five-year compound annual rate of growth, since the midpoints of the two periods are five years apart.

Sales growth As with earnings growth, we go back ten years to calculate the five-year rate of sales growth. We compare average sales for the company's most recent five years against the average for the preceding five years, and express the change in terms of a five-year compound annual growth rate.

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*This assumes that all "common stock equivalents"—convertible bonds, convertible preferred stocks, warrants and stock options—have been converted into common shares.

Where to Find the Company

Company	Rank: Profitability	Rank: Growth	Rank: Stock Market	Rank: Industry Survey Page
Abbott Laboratories	165	176	254	130
ACF Industries	596	553	699	115
Aetna Life & Casualty	263	249	496	210
H F Ahmanson	473	325	261	210
Air Prods & Chems	210	132	789	137
Akzona	978	962	872	137
Albertson's	83	157	286	99
Alcan Aluminium	652	450	584	87
Alco Standard	221	237	142	106
Alexander & Baldwin	885	912	769	163
Alexander's	936	804	362	176
Alleghany Corp	804	603	180	106
Allegheny Ludlum Inds	847	715	572	196
Allegheny Power	738	857	846	152
Allen Group	646	398	125	76
Allied Chemical	894	840	647	137
Allied Products	998	972	715	106
Allied Stores	565	238	255	176
Allied Supermarkets	1030	998	1030	99
Allied Van Lines	953	938	606	163
Allis-Chalmers	716	50	98	106
Alterman Foods	882	816	181	99
Alcoa	637	342	636	87
Am International	995	959	179	170
AMAX	762	779	552	87
Amdahl	17	**	903	170
Amerace	679	836	520	115
Amerada Hess	396	720	278	67
American Airlines	826	**	569	163
American Bakeries	662	**	133	145
American Brands	425	668	478	106, 130
Amer Broadcasting	180	182	151	214
American Can	690	295	866	200
American Cyanamid	610	758	724	130, 137
American Elec Power	756	892	843	152
American Express	221	320	888	210
American Family	34	166	131	210
American Financial	56	189	391	210
Amer Genl Insurance	351	259	166	210
American Greetings	593	677	731	184
Amer Hoist & Derrick	480	234	363	115
American Home Products	19	509	975	130
Amer Hospital Supply	534	378	863	99, 130
American Intl Group	49	150	610	210
Amer Maize-Products	654	532	616	145
Amer Medical Intl	613	377	17	130
American Motors	1001	953	464	76
American Natl Ins	701	304	472	210
American Natural Resources	586	784	835	152
American Petrofina	624	820	836	67
American Standard	184	**	74	106, 206
American Stores	187	148	173	176
American Tel & Tel	715	678	852	152, 190
AmeriTrust Corp	745	680	677	210
Ametek	145	289	165	115
AMF	661	917	679	106, 184
Amfac	633	876	775	106
AMP	186	333	695	190
Ampex	602	**	58	190
Amstar	562	691	669	145
Amsted Industries	170	92	369	115
Anchor Hocking	604	615	640	200
Anderson, Clayton	697	320	469	145

Company	Rank: Profitability	Rank: Growth	Rank: Stock Market	Rank: Industry Survey Page
Anheuser-Busch Cos	532	740	976	145
ARA Services	673	724	914	176
Arcata	604	19	277	214
Archer Daniels Midland	271	152	342	145
Arden Group	1018	998	479	99
Arizona Public Service	613	767	734	152
Ark Louisiana Gas	331	598	280	152
Armco	760	599	746	196
Armstrong Cork	821	736	1006	206
Armstrong Rubber	908	612	749	76
Arvin Industries	252	116	487	76
ASARCO	940	941	562	87
Ashland Oil	20	87	213	67
Associated Dry Goods	891	881	929	176
Athlone Industries	129	69	245	196
Atlanta Gas Light	721	661	702	152
Atlantic Richfield	451	231	584	67
A-T-O	693	390	328	106
Auto Data Processing	161	173	311	170
Avco	119	**	20	106, 210
Avery International	747	695	984	115
Avnet	198	304	110	190
Avon Products	16	587	772	130, 176
Avondale Mills	959	932	938	92
Bache Group	927	267	264	210
Baker International	68	63	288	115
Baldwin-United	151	290	117	210
Ball Corp	493	331	458	200
Bally Manufacturing	141	273	8	184
Baltimore Gas & Elec	768	858	709	152
BanCal Tri-State	872	700	489	210
BancOhio Corp	800	735	585	210
Bangor Punta	381	**	26	106
Bank of New York	656	786	738	210
BankAmerica Corp	312	415	673	210
Bankers Trust NY	852	868	822	210
Barnes Group	331	268	246	76
Bausch & Lomb	264	145	249	130
Baxter Travenol Labs	358	167	780	130
Beatrice Foods	350	568	746	145
Beckman Instruments	544	160	72	190
Becton, Dickinson	512	439	892	130
Beech Aircraft	59	36	32	124
Belco Petroleum	212	182	83	67
Bell & Howell	1007	979	544	170
Bemis	785	482	446	200
Bendix	503	348	400	76, 106
Beneficial Corp	604	885	578	176, 210
Bergen Brunswig	910	26	163	99
Best Products	53	22	1	176
Bethlehem Steel	974	955	979	196
Big Three Industries	254	117	385	115
Bird & Son	219	338	592	206
Black & Decker	481	495	921	92
Blount	155	278	156	206
Blue Bell	70	95	148	92
Bluebird	379	225	56	145
Boeing	266	29	39	124
Boise Cascade	690	**	252	200, 206
Borden	669	524	844	145
Borg-Warner	684	478	359	76, 106
Borman's	895	**	293	99
Boston Edison	903	926	808	152

Profitability: 5-Year Return on Equity. **Growth:** 5-Year Compounded Annual Earnings Per Share Growth. **Stock Market:** 5-Year Price Change. **Not ranked.

Where to Find the Company

	Rank			
Company	Profitability	Growth	Stock Market	Industry Survey Page
Braniff Intl	474	408	732	163
C F Braun	270	61	225	206
Briggs & Stratton	137	640	728	115
Bristol-Myers	133	431	765	130
Brockway Glass	795	749	703	200
Brooklyn Union Gas	704	781	594	152
Brown-Forman Dist	527	530	129	145
Brown Group	707	765	587	92, 176
Browning-Ferris Inds	759	787	374	115
Bruno's	95	83	14	99
Brunswick	813	847	819	106, 184
Bucyrus-Erie	238	175	878	115
Bunker-Ramo	950	759	53	190
Burlington Inds	915	867	908	92
Burlington Northern	965	201	751	163
Burroughs	523	353	931	170
Business Men's Assur	776	190	153	210
Butler Manufacturing	342	403	534	206
Cabot	688	500	96	137
Cal-Maine Foods	499	374	618	99
Caldor	99	195	73	176
Cameron Iron Works	102	59	339	115
Campbell Soup	474	631	917	145
Campbell Taggart	303	399	301	145
Cannon Mills	917	664	420	92
Capital Cities Commun	204	177	160	214
Capital Holding Corp	626	507	980	210
Carnation	323	447	977	145
Carolina Pwr & Lt	723	790	631	152
Carpenter Technology	309	188	188	196
Carson Pirie Scott	641	230	200	176
Carter Hawley Hale	656	761	773	176
Castle & Cooke	609	532	652	145
Caterpillar Tractor	108	222	653	76, 115
CBI Industries	189	443	932	115
CBS	104	347	698	214
Ceco	937	937	943	206
Celanese	764	467	629	137
Centex	236	275	75	206
Central & South West	559	793	957	152
Central Illinois Lt	854	930	807	152
Central Ill Pub Svc	682	871	815	152
Central Louisiana Engy	256	465	319	152
Central Soya	737	821	828	145
Central Steel & Wire	401	141	310	196
Central Tel & Utils	356	624	708	152
Certain-teed	516	253	427	206
Cessna Aircraft	323	357	192	124
CFS Continental	832	823	896	99
Champion Home	1016	979	1025	184
Champion Intl	487	557	447	200, 206
Champion Spark Plug	409	790	875	76
Charter Company	18	119	29	67
Chase Manhattan	832	844	802	210
Chemical New York	741	742	851	210
Chesebrough-Pond's	229	535	859	130
Chessie System	914	294	919	163
Chic & North Western	881	901	242	163
Chic Pneumatic Tool	880	886	934	115
Chicago Rock Island	1026	998	**	163
Chromalloy American	328	630	363	106
Chrysler	1015	979	962	76
Chubb	369	355	849	210
Cincinnati G & E	676	862	870	152
Cincinnati Milacron	568	76	99	115

	Rank			
Company	Profitability	Growth	Stock Market	Industry Survey Page
Circle K	234	393	150	99
CIT Financial	701	796	609	210
Citicorp	413	487	996	210
Cities Service	851	742	521	67
Citizens & Southern NB	964	963	939	210
City Investing	623	575	184	106
City Stores	1024	998	433	176
Clark Equipment	434	575	659	76, 115
Clark Oil & Refining	501	487	177	67
Cleveland Elec Illum	629	848	918	152
Clorox	227	731	684	92
Cluett, Peabody	842	171	379	92
CNA Financial	244	**	119	210
Coachmen Industries	69	41	317	184
Coastal States Gas	593	581	93	152
Coca-Cola	98	528	847	145
Coca-Cola Bottling NY	836	884	806	99
Colgate-Palmolive	369	572	1023	92, 130
Collins & Aikman	560	651	611	92
Colonial Penn Group	42	206	988	210
Colt Industries	305	244	315	196
Columbia Gas System	718	810	661	152
Columbia Pictures	2	**	15	184
Columbus & So Ohio	743	814	598	152
Combined Insurance	138	481	322	210
Combustion Engnrng	374	439	260	115
Commercial Metals	787	895	470	87
Commonwealth Edison	814	885	948	152
Commonwealth Oil Rfg	1025	979	688	67
Computer Sciences	8	**	27	170
ConAgra	62	10	46	145
Cone Mills	335	65	162	92
Congoleum	424	382	16	206
Connecticut General	394	358	639	210
Conoco	271	285	453	67
Consolidated Edison	745	504	253	152
Consolidated Foods	682	848	532	145
Consol Freightways	132	219	382	163
Consol Natural Gas	669	573	553	152
Consolidated Papers	280	120	176	200
Consumers Power	723	753	536	152
Continental Airlines	909	293	282	163
Continental Corp	530	424	678	210
Continental Group	705	522	915	200
Continental Illinois	431	497	537	210
Continental Tel	640	834	756	152
Control Data	930	355	127	170, 210
Cook United	982	575	143	176
Cooper Industries	73	103	102	115
Adolph Coors	555	586	1027	145
Copeland	265	569	330	190
Copperweld	454	355	511	196
Corning Glass Works	585	519	566	190
CPC International	255	414	632	145
Crane	202	191	409	196
Crocker Natl Corp	503	575	595	210
Cross & Trecker	**	84	**	115
Crouse-Hinds	157	226	226	190
Crown Central Petroleum	108	55	77	67
Crown Cork & Seal	366	349	548	200
Crown Zellerbach	665	655	675	200
Crum & Forster	239	322	296	210
Culbro	987	965	1001	130
Cullum Companies	538	338	101	99
Cummins Engine	472	362	582	76

Profitability: 5-Year Return on Equity. **Growth:** 5-Year Compounded Annual Earnings Per Share Growth. **Stock Market:** 5-Year Price Change. **Not ranked.

Where to Find the Company

	Rank			
Company	Profitability	Growth	Stock Market	Industry Survey Page
Curtice-Burns	191	197	373	145
Curtiss-Wright	899	44	334	106
Cyclops	911	754	626	196
Dan River	942	129	158	92
Dana	195	274	237	76
Dart Industries	413	307	211	106
Data General	96	34	218	170
Dayco	327	430	576	106
Dayton-Hudson	116	67	91	176
Dayton Power & Light	807	909	885	152
Dean Foods	174	71	126	145
Dean Witter Reynolds	599	531	541	210
Deere	297	312	604	76
DEKALB AgResearch	317	343	1003	145
Delmarva Power & Lt	798	896	762	152
Delta Air Lines	432	593	809	163
Deluxe Check Printers	47	271	782	214
Dennison Mfg	461	438	172	115
Denny's	115	123	434	184
DeSoto	783	489	543	206
Detroit Edison	878	891	655	152
DETROITBANK Corp	554	574	451	210
Dexter	274	180	178	137
Diamond Intl	622	767	628	200
Diamond Shamrock	112	168	407	137
Dibrell Brothers	650	376	406	145
Di Giorgio	920	748	234	99, 145
Digital Equipment	357	57	190	170
Dillard Dept Stores	852	754	499	176
Dillingham	889	161	398	106
Dillon Companies	71	186	558	99
Walt Disney	719	315	547	184
R R Donnelley & Sons	542	466	726	214
Dorchester Gas	32	31	219	67
Dorsey	726	523	199	200
Dover Corp	94	227	137	206
Dow Chemical	118	253	894	137
Dow Jones	26	464	367	214
DPF	**	**	353	145
Dravo	595	370	480	206
Dresser Industries	156	144	380	115
Duke Power	735	745	663	152
Dun & Bradstreet	92	563	485	214
E I du Pont	507	700	805	137
Duquesne Light	848	931	857	152
Dynalectron	960	927	103	206
E-Systems	135	90	33	124
Eagle-Picher Inds	336	445	273	115
Earth Resources	27	38	340	67
Easco	292	462	452	76
Eastern Air Lines	922	**	545	163
Eastern Gas & Fuel	478	429	555	67
Eastman Kodak	260	695	986	184
Eaton	460	676	506	76
Echlin Manufacturing	201	380	730	76
Jack Eckerd	258	265	559	176
Economics Laboratory	304	361	949	92
Edison Bros Stores	60	121	149	176
EG&G	169	134	250	190
El Paso Company	766	920	525	152
Emerson Electric	191	482	788	190
Emery Air Freight	11	351	908	163
Emhart	295	282	370	115
Engelhard Minerals	63	285	348	87
ENSERCH	540	785	670	152

	Rank			
Company	Profitability	Growth	Stock Market	Industry Survey Page
Entex	38	68	76	152
Envirotech	848	547	783	115
Equifax	218	846	709	214
ERC	307	248	140	210
Esmark	720	653	837	106, 145
Ethyl	281	516	472	137
Evans Products	362	39	47	206
Ex-Cell-O	624	278	224	115
Exxon	449	707	597	67
Fairchild Industries	258	124	24	124
Fairmont Foods	925	869	840	145
Farm House Foods	21	46	5	99
Farmers Group	158	262	608	210
Fed-Mart	973	958	992	176
Fedders	1020	979	891	92
Federal Co	392	202	167	145
Federal-Mogul	380	298	477	76
Fedl Natl Mortgage	418	554	965	210
Federal Paper Board	840	824	216	200
Federated Dept Stores	513	601	930	176
Ferro	455	624	519	206
Fidelcor	991	975	1021	210
Fieldcrest Mills	444	236	223	92
Firestone	997	974	1017	76
First Bank System	505	637	890	210
First Charter Finl	500	333	614	210
First Chicago Corp	693	686	967	210
First City Bancorp	450	480	422	210
First Intl Bshs	343	459	828	210
First Natl Boston	826	835	883	210
First Natl Supermkts	**	966	**	99
First Penna Corp	924	951	991	210
First Wisconsin Corp	887	860	443	210
Fischbach & Moore	555	765	864	206
Fisher Foods	829	925	944	99
Fisher Scientific	639	114	175	115
Fleetwood Enterprises	591	671	968	184
Fleming Companies	323	523	621	99
Flickinger	510	423	410	99
Flintkote	797	526	112	206
Florida Power	632	759	461	152
Florida Power & Lt	676	719	656	152
Flowers Industries	199	327	258	145
Fluor	105	56	145	206
FMC	575	412	428	106
Food Fair	1021	**	998	99
Foodarama Supermkts	747	**	756	99
Ford Motor	459	428	873	76
Foremost-McKesson	343	608	361	99
Fort Howard Paper	40	98	309	200
Foster Wheeler	157	126	60	115
Foxboro	437	89	376	115
Franklin Mint	128	370	1029	184
Frederick & Herrud	582	851	222	145
Freeport Minerals	601	787	351	137
Fruehauf	476	458	542	76
Fuqua Industries	855	869	134	106
GAF	979	954	799	106
Gamble-Skogmo	879	888	818	176
Gannett	287	308	529	214
Garfinckel Brooks Bros	620	675	449	176
Gas Service	792	817	602	152
Gates Learjet	79	91	28	124
GATX	870	921	791	115
GEICO	981	979	1026	210

Profitability: 5-Year Return on Equity. **Growth:** 5-Year Compounded Annual Earnings Per Share Growth. **Stock Market:** 5-Year Price Change. **Not ranked.

Where to Find the Company

	Rank			
Company	Profitability	Growth	Stock Market	Industry Survey Page
Geico	159	58	82	163
General Cinema	182	287	84	184
General Dynamics	550	138	71	124
General Electric	231	559	764	92, 106, 190
General Foods	296	426	561	145
General Host	1010	979	203	145
General Instrument	753	170	45	190
General Mills	308	373	850	145
General Motors	211	495	642	76
General Public Utils	845	852	1011	152
General Refractories	1003	971	633	115
General Reinsurance	149	199	904	210
General Signal	466	335	269	115
General Tel & Elec	481	648	664	152, 190
Genl Tire & Rubber	681	613	504	76, 106
Genesco	1022	998	867	92, 176
Genuine Parts	164	340	676	76
Georgia-Pacific	262	392	662	200, 206
Gerber Products	415	642	533	145
Getty Oil	544	302	575	67
Giant Food	389	370	279	99
Gifford-Hill	653	629	336	206
Gillette	334	839	933	130
Gino's	574	678	525	184
Girard	777	802	658	210
GK Technologies	582	607	267	87
Godfrey	485	451	346	99
Goldblatt Brothers	1004	977	942	176
Golden State Foods	152	162	654	99
B F Goodrich	946	734	729	76
Goodyear	884	866	952	76
Gordon Jewelry	457	322	206	176
Gould	396	406	424	190
W R Grace	608	505	638	106, 137
W W Grainger	195	263	501	190
Graniteville	906	873	643	92
Gray Drug Stores	729	697	445	176
Great Atl & Pac Tea	1013	998	899	99
Gt Northern Nekoosa	533	405	423	200
Gt Western Financial	543	314	505	210
Greyhound	699	832	759	145, 163
Grumman	514	**	538	124
Gulf & Western Inds	189	180	566	106
Gulf Oil	711	726	494	67
Gulf Resources & Chem	521	694	735	87
Gulf States Utils	769	878	923	152
Gulf United	621	788	229	210
Halliburton	90	81	622	206
Hammermill Paper	866	689	665	200
Handy & Harman	186	217	259	87
Hanna Mining	552	471	760	196
Hannaford Bros	386	485	704	99
Hanover Insurance	261	291	105	210
Harcourt Brace Jovan	612	730	475	214
Harnischfeger	684	434	546	115
Harris Bankcorp	769	738	859	210
Harris Corp	438	296	42	115, 190
Harsco	271	299	235	115
Hart Schaffner & Marx	912	812	666	92
Hartfield-Zodys	439	**	38	176
G Heileman Brewing	61	179	48	145
H J Heinz	441	289	727	145
Walter E Heller Intl	578	783	1004	210
Hercules	699	798	982	137
Hershey Foods	267	348	357	145

	Rank			
Company	Profitability	Growth	Stock Market	Industry Survey Page
Heublein	347	525	745	145
Hewlett-Packard	302	174	510	170, 190
Hilton Hotels	139	66	25	184
Edward Hines Lumber	904	751	612	206
Hobart	536	721	689	115
Holiday Inns	831	885	244	184
Honeywell	698	536	201	170, 190
Hoover Co	834	893	791	92
Hoover Universal	122	317	307	76
George A Hormel	557	562	460	145
Hospital Corp of Am	284	153	57	130
Host International	386	662	411	184
Household Finance	[illegible]	653	706	176, 210
Houston Industries	568	712	823	152
Houston Natural Gas	45	77	360	152
Houston Oil & Minerals	4	20	308	67
Howard Johnson	618	549	123	184
Hughes Tool	321	93	490	115
Humana	229	102	4	130
E F Hutton Group	120	115	227	210
Hyster	202	133	144	76, 115
IC Industries	896	600	442	106, 163
Ideal Basic Inds	394	394	577	206
Idle Wild Foods	241	233	256	145
Illinois Power	662	870	902	152
Illinois Tool Works	346	543	714	115
Imperial Corp of Am	398	208	293	210
INA	636	637	739	210
Inco Ltd	916	946	969	87
Indianapolis Pwr & Lt	588	812	630	152
Ingersoll-Rand	488	718	994	115
Inland Steel	801	728	946	196
Insilco	415	592	394	92
Intel	31	27	41	190
Interco	519	657	503	92
Interlake	858	674	812	196
IBM	140	436	721	170
Intl Flavors & Frag	130	415	985	130
Intl Foodservice	1027	979	956	99
Intl Harvester	772	352	564	76
Intl Minerals & Chem	41	35	737	137
Intl Multifoods	529	476	502	145
International Paper	367	270	922	200
Intl Tel & Tel	843	860	623	106
Interpace	619	310	416	206
Interpublic Group	113	192	69	214
Iowa Beef Processors	136	110	100	145
Irving Bank Corp	673	620	605	210
Itel	461	88	895	170
IU International	957	949	733	106
Jefferson-Pilot	602	501	916	210
Jewel Companies	774	789	786	99
Jim Walter	359	432	804	206
Johns-Manville	732	657	853	206
Johnson & Johnson	250	412	971	130
Johnson Controls	217	187	67	115
Jonathan Logan	967	944	511	92
Earle M Jorgensen	282	257	414	196
Joy Manufacturing	402	220	743	115
K mart	195	195	907	176
Kaiser Alum & Chem	576	211	285	87
Kaiser Steel	896	511	754	196
Kane-Miller	949	915	797	145
Kaneb Services	52	255	408	67
Kansas City Pwr & Lt	816	859	853	152

Profitability: 5-Year Return on Equity. **Growth:** 5-Year Compounded Annual Earnings Per Share Growth.
Stock Market: 5-Year Price Change. **Not ranked.

Where to Find the Company

	Rank			
Company	Profitability	Growth	Stock Market	Industry Survey Page
Kansas Power & Light	664	827	896	152
Kaufman & Broad	926	583	335	206
Kay	161	13	145	145
Kellogg	36	335	838	145
Kellwood	876	924	825	92
Kemper Corp	154	211	152	210
Kennecott Copper	999	976	1009	87
Kentucky Utilities	830	875	778	152
Kerr Glass Mfg	442	136	1013	200
Kerr-McGee	469	391	974	67
Keystone Consolidated	989	940	1019	196
Walter Kidde	579	143	285	106
Kimberly-Clark	232	118	644	130, 200
Kings Dept Stores	216	442	413	176
Knight-Ridder News	442	369	239	214
Knudsen	822	854	233	145
Koehring	901	499	134	115
Koppers	320	223	372	106
Kraft	420	510	817	145
Kroger	597	419	384	99
Kuhn's-Big K Stores	771	852	439	176
Laclede Gas	628	752	681	152
Lane Bryant	750	839	701	176
Lear Siegler	142	106	87	106, 190
Leaseway Transportation	87	252	354	163
Levi Strauss	13	32	31	92
Levitz Furniture	734	710	202	176
Libbey-Owens-Ford	589	746	617	76
Liberty Natl Life	673	622	978	210
Liggett Group	835	829	694	130, 145
Eli Lilly	148	517	958	130
Lincoln Natl Corp	751	636	615	210
Liquid Air of No Amer	426	344	926	137
Litton Industries	970	324	11	106
Lockheed	3	**	55	124
Loews	131	147	182	130, 184
Lone Star Industries	676	632	395	206
Long Island Lighting	615	818	761	152
Longs Drug Stores	121	304	856	176
Longview Fibre	347	551	214	200
Louisiana Land	165	692	528	67
Louisiana-Pacific	384	594	343	200, 206
Louisville Gas & Elec	790	878	901	152
M Lowenstein	1005	979	909	92
Lowe's Companies	176	386	941	99
LTV	955	**	981	106, 196
Lubrizol	77	381	785	137
Lucky Stores	72	506	437	99
Lukens Steel	876	540	884	196
Macmillan	931	626	114	214
R H Macy	514	368	191	176
Magic Chef	857	727	468	92
Mallinckrodt	215	210	928	137
Malone & Hyde	205	330	625	99
Manhattan Industries	599	7	262	92
Manufacturers Hanover	509	590	858	210
Manufacturers National	590	644	578	210
MAPCO	30	125	862	67
Marathon Mfg	171	11	9	115
Marathon Oil	355	454	284	67
Marine Midland Banks	972	960	871	210
Marriott	667	374	356	184
Marsh & McLennan Cos	14	389	707	210
Marsh Supermarkets	439	258	527	99
Marshall Field	913	986	832	176

	Rank			
Company	Profitability	Growth	Stock Market	Industry Survey Page
Martin Marietta	459	469	320	106
Maryland Cup	632	471	292	200
Masco	93	165	691	206
Masonite	665	808	718	206
Massey-Ferguson	1017	979	1016	76
Mattel	10	**	134	184
May Dept Stores	592	447	672	176
Oscar Mayer	453	616	456	145
Maytag	46	668	776	92
MCA	89	80	138	184
McCormick & Co	436	417	692	145
J Ray McDermott	146	86	861	206
McDonald's	67	111	763	184
McDonnell Douglas	643	772	207	124
McDonough	314	346	168	92
McGraw-Edison	576	537	436	190
McGraw-Hill	274	309	154	214
McLean Trucking	411	673	682	163
McLouth Steel	985	614	1020	196
Mead	228	127	325	200
Mellon National Corp	794	698	685	210
Melville	35	193	161	92, 176
Memorex	**	**	10	170
Mercantile Stores	451	498	781	176
Merck	55	478	913	130
Meredith	422	50	187	214
Merrill Lynch & Co	565	663	649	210
MGM	42	23	63	184
Metromedia	84	73	12	214
Fred Meyer	340	280	314	99
Michigan National	336	455	462	210
Middle South Utils	721	856	927	152
Midland-Ross	470	154	141	115
Minnesota Gas	444	699	800	152
Minn Mining & Mfg	177	537	906	106
Missouri Pacific Corp	44	216	305	163
Mobil	524	639	304	67
Modern Merchandising	88	62	22	176
Mohasco	958	922	935	92
Monfort of Colorado	968	792	524	145
Monsanto	471	475	744	137
Moore Corp	288	627	1010	170
Moore McCormack Res	243	21	183	163
J P Morgan & Co	455	566	964	210
Morrison-Knudsen	539	107	221	206
Morse Shoe	244	122	21	176
Morton-Norwich	848	883	369	130
Motorola	598	518	758	190
Munford	990	969	686	99
G C Murphy	963	920	789	176
Murphy Oil	579	564	106	67
Nabisco	293	587	540	145
Nalco Chemical	78	318	605	137
Nash Finch	298	399	719	99
Nashua	521	689	696	170
National Airlines	986	964	79	163
National Can	782	776	459	200
Natl Convenience Strs	214	137	52	99
Natl Detroit Corp	656	645	498	210
National Distillers	634	451	570	106, 145
National Fuel Gas	820	795	711	152
National Gypsum	695	507	463	206
National Kinney	1028	979	204	106
Natl Semiconductor	116	77	266	190
National Svc Inds	378	724	323	106

Profitability: 5-Year Return on Equity. **Growth:** 5-Year Compounded Annual Earnings Per Share Growth. **Stock Market:** 5-Year Price Change. **Not ranked.

Where to Find the Company

	Rank			
Company	Profitability	Growth	Stock Market	Industry Survey Page
National-Standard	711	611	826	196
National Steel	935	899	973	196
National Tea	1012	998	741	99
Nationwide Corp	855	571	333	210
Natomas	183	108	287	67
NCNB	684	763	590	210
NCR	368	30	159	170
New England Electric	705	770	657	152
New England G & E	629	736	641	152
N Y State Elec & Gas	742	815	770	152
New York Times	650	709	330	214
Newmont Mining	898	939	668	87
Niagara Frontier Services	54	85	132	99
Niagara Mohawk Power	775	825	680	152
NICOR	464	705	600	152
A C Nielsen	229	397	493	214
NL Industries	778	777	337	106
NLT	755	561	633	210
NN Corp	690	794	155	210
Norfolk & Western Ry	788	256	848	163
Norlin	867	97	89	145
Norris Industries	172	331	189	206
North American Coal	311	139	378	67
North Amer Philips	573	359	507	190
Northeast Utilities	815	887	710	152
No Indiana Pub Svc	764	908	945	152
Northern Natural Gas	248	286	535	152
No States Power	631	799	771	152
Northern Trust	731	714	919	210
Northrop	97	74	130	124
Northwest Airlines	864	594	401	163
Northwest Bancorp	488	546	686	210
Northwest Energy	318	437	170	152
Northwest Industries	178	157	209	106
Northwestern Steel	656	863	995	196
Norton	561	402	281	115
Norton Simon	524	649	713	145
Nucor	39	100	34	196
NVF	484	491	44	196
Occidental Petroleum	290	477	440	67
Ogden	266	229	392	106
Ohio Casualty	102	327	393	210
Ohio Edison	785	913	814	152
Oklahoma Gas & Elec	756	889	993	152
Oklahoma Natural Gas	163	307	517	152
Olin Corp	740	2	430	106
Olympia Brewing	902	757	712	145
Outboard Marine	871	894	937	184
Outlet	448	246	210	214
Owens-Corning Fbrgls	250	164	523	206
Owens-Illinois	778	580	865	200
Oxford Industries	838	778	**	92
Pabst Brewing	919	919	1007	145
PACCAR	123	215	215	76
Pac Gamble Robinson	611	683	834	99
Pacific Gas & Elec	788	865	877	152
Pacific Lighting	784	770	716	152
Pacific Pwr & Lt	711	828	798	152
Pacific Resources	322	242	313	67
Paine Webber	301	64	212	210
Pamida	954	947	939	176
Pan Am World Airways	945	**	303	163
Panhandle Eastern	290	539	518	152
Parker Drilling	57	40	122	206
Parker-Hannifin	310	449	257	115

	Rank			
Company	Profitability	Growth	Stock Market	Industry Survey Page
Parker Pen	101	112	68	184
Parsons	15	54	37	206
Pay Less Drug (Cal)	798	855	378	176
Pay Less Drug NW	237	275	95	176
Pay'n Save	206	184	299	176
Peabody Intl	562	313	513	115
Peavey	672	682	568	145
Penn-Dixie Inds	1014	979	889	206
Penn Traffic	382	283	465	99
PennCorp Financial	826	560	118	210
J C Penney	645	688	1002	176
Pa Power & Light	667	797	855	152
Pennwalt	557	281	588	137
Pennzoil	82	248	312	67
Peoples Drug Stores	839	712	235	176
Peoples Gas	447	634	623	152
PepsiCo	168	360	574	145
Perini	923	74	251	206
Perkin-Elmer	464	386	467	190
Petrie Stores	24	156	619	176
Petrolane	85	206	78	67
Pfizer	315	581	854	130
Phelps Dodge	977	967	970	87
Phila Electric	863	907	811	152
Philadelphia Natl	727	809	768	210
Philip Morris	124	250	755	130
Phillips Industries	961	904	383	184
Phillips Petroleum	226	194	425	67
Phillips-Van Heusen	969	843	268	92
Pillsbury	403	406	515	145
Pioneer Corp	27	113	164	152
Pioneer Hi-Bred Intl	75	135	808	145
Pitney-Bowes	249	49	417	170
Pittsburgh National	607	665	589	210
Pittston	107	277	774	67
Pneumo Corp	476	3	64	99
Polaroid	812	597	813	184
H K Porter	634	28	539	115
Portland Genl Elec	869	923	912	152
Potlatch	352	163	358	200
Potomac Elec Power	823	864	841	152
PPG Industries	687	514	583	106, 206
Procter & Gamble	253	558	966	92, 130
Provident Life & Acc	256	292	447	210
Public Service Colo	841	914	898	152
Public Service Indiana	495	706	868	152
Public Svc Elec & Gas	778	850	627	152
Pueblo International	1011	979	746	99
Pullman	648	457	683	115
Purex Industries	486	528	481	92
Purolator	518	842	695	76
Quaker Oats	495	555	472	145
Quaker State Oil	415	740	893	67
Questor	980	936	483	76
Rainier Bancorp	478	327	186	210
Ralston Purina	360	470	961	145
Ramada Inns	962	950	196	184
Rapid-American	861	160	220	92, 176
Rath Packing	1029	979	993	145
Raychem	467	68	501	190
Raymond Intl	147	12	331	206
Raytheon	167	168	124	106,124,190
RCA	375	159	492	92, 190, 214
Reeves Brothers	710	547	309	92
Reichhold Chemicals	895	830	881	137

Profitability: 5-Year Return on Equity. **Growth:** 5-Year Compounded Annual Earnings Per Share Growth.
Stock Market: 5-Year Price Change. **Not ranked.

demand. Even with a recession, supply disruptions—considered increasingly likely—would probably spark more panic buying by Japan, the European nations and the U.S. Adds King, "While you can make a scenario that it'll be a very dull year, the chances are that it'll be anything but."

The Aramco partners have been the biggest winners so far, says Eck. "They've had lots of oil, and cheap oil, while the rest of us have been struggling along with not so much oil and paying a lot of money for it. It is very likely that some of the extraordinary profits that were earned by the Aramco partners will be largely eliminated because of changes in the Saudi price, which was well below the world market. I think there's going to be a sharp reduction in overseas marketing and refining profits. Those companies that have export refineries have benefited very substantially from the split crude-oil price system because they sold products at prices that approximate the spot market price."

"They [at OPEC] are not ordinary businessmen, to be sure. But more money is what they want. The lunatic prices are going to settle down and the laggard prices are going to settle up."—MIT economist Morris A. Adelman

How about betting on the outcome? "Oil stocks? We like them. But we're flashing cautionary signals," says Drexel Burnham Lambert oil stock analyst Joel Fischer. Fischer looks at how much oil a company has and where it is. "If you have no secure supply then you have to go on the spot market and grit your teeth," he says. "Iran is scaring hell out of people."

Domestically? Gulf's King again: "I think it'll be pretty much a status quo year. Our access to offshore leases is not moving forward as rapidly as it might. I don't see any dramatic increase or decrease in environmental constraint. If the OPEC price goes up a lot and there are shortages, that's bound to increase pressures for government control. Not that any of this is rational, but people may get so fed up that they say this isn't working, anything else can't be as bad, so let's try it."

This being an election year makes such talk more than just game-playing. What candidate will dare run in support of the oil industry? The candidates of whatever persuasion will as usual offer simplistic solutions to complicated problems, and everyone will blame the oil companies for something. Whether the public will buy that kind of demagoguery remains to be seen. Americans might rather do business with oil companies that they perceive to be greedy than with bureaucrats whom they perceive to be incompetent and inefficient. Anyhow, as Gulf's King put it, 1980 is not likely to be a dull year for the oil industry.

Natural gas supply is less shaky. One reason there's no current shortage is the dip in demand from industrial users.

Energy

Yardsticks of Management Performance

	Profitability								**Growth**			
	Return on Equity				**Return on Total Capital**				**Sales**		**Earnings Per Share**	
Company	**5-year average**	**5-year rank**	**latest 12 months**	**debt/ equity ratio**	**latest 12 months**	**5-year rank**	**5-year average**	**net profit margin**	**5-year average**	**5-year rank**	**5-year average**	**5-year rank**
International Oils												
Phillips Petroleum	19.5%	1	24.3%	0.2	18.6%	1	14.7%	10.5%	16.6%	5	21.6%	1
Conoco	18.5	2	24.9	0.4	16.2	2	13.2	6.6	16.5	6	17.9	2
Occidental Petroleum	18.2	3	40.5	0.7	15.9	7	9.4	4.8	13.5	8	13.0	3
Exxon	15.5	4	18.7	0.2	14.1	4	12.2	5.0	17.3	4	7.3	6
Standard Oil Calif	15.0	5	20.6	0.3	15.8	3	12.4	6.0	20.8	2	10.4	4
Mobil	14.5	6	19.8	0.4	14.0	5	11.1	4.1	22.1	1	9.4	5
Gulf Oil	12.2	7	15.6	0.2	12.7	6	10.4	5.1	14.6	7	6.7	7
Texaco	10.9	8	15.6	0.3	11.1	8	8.4	4.2	20.0	3	-2.0	8
Medians	**15.3**		**20.2**	**0.3**	**15.0**		**11.7**	**5.1**	**17.0**		**9.9**	
Other Oil & Gas												
Houston Oil & Minerals	55.7%	1	22.9%	0.8	11.0%	3	20.0%	15.8%	80.2%	1	51.1%	1
Tosco	44.8	2	112.5	2.0	23.5	23	11.0	3.7	49.8	4	39.7	3
Charter Company	31.9	3	111.8	1.1	52.4	7	16.1	6.5	29.2	13	26.1	10
Ashland Oil	31.4	4	67.0	0.6	27.9	8	15.7	7.8	17.6	33	29.7	7
Earth Resources	30.2	5	24.1	0.5	15.2	1	20.4	4.1	32.4	11	37.4	4
MAPCO	29.7	6	24.6	0.8	12.7	11	14.9	9.7	30.7	12	25.6	11
Dorchester Gas	29.3	7	36.9	0.7	20.0	4	19.4	6.9	55.2	2	42.0	2
Texas Oil & Gas	28.5	8	27.0	0.8	13.9	9	15.5	10.8	50.2	3	35.1	5
Kaneb Services	26.5	9	22.4	1.0	13.3	12	-14.2	11.7	34.7	10	18.8	99
Louisiana Land	25.5	10	27.3	0.2	21.1	2	20.3	21.4	22.3	17	7.9	33
Pennzoil	24.8	11	33.6	1.1	14.1	27	10.7	11.0	20.2	27	19.0	18
Petrolane	24.7	12	24.6	0.5	17.1	6	16.7	5.3	21.6	20	21.1	14
Sigmor	24.4	13	29.7	0.6	20.1	5	18.6	3.9	37.9	7	20.1	15
Crown Central Petroleum	23.5	14	57.7	0.9	29.2	13	14.2	6.8	22.4	16	34.0	6
Natomas	20.6	15	22.6	0.4	15.5	14	14.0	12.2	36.4	8	26.9	8
Belco Petroleum	19.8	16	23.2	0.2	18.2	10	14.9	11.9	21.0	21	22.1	12
Standard Oil Ohio	19.5	17	44.4	2.0	16.4	35	8.7	12.7	22.0	19	26.9	9
Pacific Resources	17.5	18	19.6	1.0	10.5	32	9.5	2.3	39.6	6	19.3	17
Marathon Oil	17.0	19	20.5	0.6	12.5	18	12.1	4.7	20.4	26	13.6	26
Tenneco	17.0	20	16.5	0.8	8.8	34	9.2	5.2	17.1	34	10.3	31

Energy

Yardsticks of Management Performance

	Profitability								Growth			
	Return on Equity				Return on Total Capital				Sales		Earnings Per Share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Standard Oil Indiana	16.7	21	19.6	0.3	13.8	15	12.7	7.7	18.1	32	14.4	25
United Refining	16.3	22	28.6	0.5	18.7	21	11.3	3.5	24.1	14	14.5	24
Amerada Hess	16.2	23	27.7	0.6	19.4	20	11.7	6.8	18.8	31	6.9	34
Sun Company	16.1	24	19.7	0.2	14.1	28	10.6	5.8	22.7	15	12.2	28
Quaker State Oil	15.9	25	17.7	0.4	11.4	23	11.0	5.6	20.8	23	6.2	35
Shell Oil	15.8	26	16.0	0.2	12.1	16	12.3	7.6	16.5	35	15.5	22
Union Oil California	15.8	27	17.9	0.4	11.9	25	10.9	6.4	16.3	37	11.4	29
Atlantic Richfield	15.5	28	19.0	0.5	12.3	26	10.8	7.0	20.0	28	19.6	16
Kerr-McGee	15.2	29	14.7	0.2	11.1	19	12.0	6.5	20.7	25	15.2	23
Clark Oil & Refining	14.8	30	31.5	0.6	20.1	31	9.8	3.5	19.1	30	12.7	27
Suburban Propane Gas	14.8	31	18.8	0.7	10.8	33	9.2	4.1	20.8	24	10.0	32
Reserve Oil & Gas	14.8	32	17.3	0.5	11.4	22	11.2	1.7	35.2	9	21.2	13
Getty Oil	14.2	33	17.8	0.1	14.3	17	12.1	11.7	15.0	39	17.4	20
Murphy Oil	13.9	34	18.3	0.7	9.6	36	8.5	5.7	19.5	29	11.0	30
American Petrofina	13.3	35	23.2	0.8	14.5	30	10.2	5.9	21.0	22	3.6	37
Superior Oil	11.6	36	22.5	0.5	14.7	29	10.4	15.3	22.1	18	17.0	21
Cities Service	10.0	37	10.7	0.5	7.7	37	7.7	3.7	16.5	36	6.2	36
Tesoro Petroleum	9.5	38	35.7	0.9	15.2	38	7.7	2.5	40.2	5	–10.2	38
Commonwealth Oil Rfg	def	39	26.8	4.3	8.3	39	def	1.6	15.8	38	P–D	39
Medians	**17.0**		**23.2**	**0.6**	**14.1**		**11.7**	**6.5**	**21.6**		**17.4**	
Coal												
Pittston	23.6%	1	11.8%	0.1	9.9%	2	18.8%	4.5%	15.4%	3	18.0%	2
Westmoreland Coal	21.4	2	4.3	0.2	2.5	1	19.1	2.0	13.0	5	17.8	3
North American Coal	17.7	3	20.7	4.4	6.6	5	7.0	3.9	21.9	2	24.6	1
St Joe Minerals	17.4	4	17.6	0.3	12.1	3	14.2	8.2	22.4	1	8.9	5
Eastern Gas & Fuel	15.1	5	14.1	0.6	8.0	4	8.6	5.7	14.5	4	14.1	4
Medians	**17.7**		**14.1**	**0.3**	**8.0**		**14.2**	**4.5**	**15.4**		**17.8**	
Industry Medians	**17.0**		**22.5**	**0.5**	**14.1**		**11.9**	**5.9**	**20.8**		**16.3**	
All-Industry Medians	**15.1**		**16.7**	**0.4**	**11.8**		**11.0**	**5.3**	**13.1**		**13.1**	

Note: Explanation of Yardstick calculations on page 51.
P-D Profit to Deficit. def Deficit.

Those that had been on interruptible supply contracts were badly burned when supplies were cut off in the past. So they switched to distillate or heavy fuel oil. Now that they can get gas again, they're reluctant to risk going back.

Edward Erickson, a professor of business and economics at North Carolina State University, in a recent study for the Natural Gas Supply Association notes that it is possible for users to stockpile fuel oil, but not gas. Consequently, many large users choose to expand the use of fuel oil relative to gas.

Conoco's Bailey adds a cautionary note: "Right now the supply of gas in the U.S. is quite adequate, but I think we have to expect over time that our natural gas supplies, like crude oil, are finite. The available supplies should be conserved for home heating or chemical feedstocks. Natural gas should not be consumed in our electric utility boilers or large industrial boilers." Here, coal is the more appropriate fuel.

For every ton of coal consumed, an estimated four barrels of oil is saved. And every time the price of oil goes up, the economics of using $20-to-$35-a-ton coal as fuel begins to look better.

Aside from the flurries of speculation in coal stocks with each rumble from the Middle East, coal will have significantly less potential than oil this year and probably for several years to come. But beyond that, coal starts looking very good.

Dean Witter Reynold's veteran coal specialist Joel Price sees the first active moves toward reconverting power plants to coal coming in 1980. He also sees headway being made in attempts to untangle the morass of government regulation that is now impeding coal use. Coal, Price notes, has growing political clout on Capitol Hill.

Moreover, with new nuclear plants frozen and with the environmentalists holding up new offshore oil drilling, to say nothing of Mideast supply troubles, coal is what's left. Until 1985, Joel Price says, coal is like the girl who "sits waiting to get married while the carefree bachelor tries all the other girls."

For every ton of coal consumed, an estimated four barrels of oil is saved. And every time the price of oil goes up, the economics of using $20-to-$35-a-ton coal as fuel begins to look better, if the regulators will allow it. "It's unfortunate that we haven't really been able to put in place an overall energy program," says Conoco's Bailey. "One of the reasons is that we have not been able

Conoco Inc. Chairman Ralph E. Bailey

Unable to mesh environmental and energy goals, the U.S. has wasted time hunting scapegoats and a quick fix.

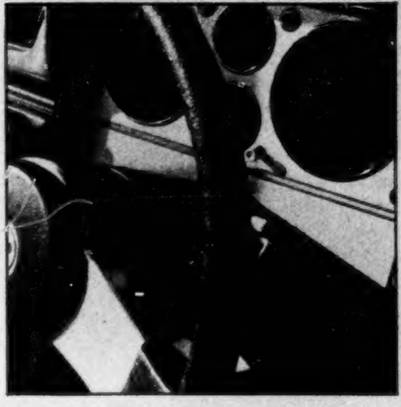
to find a reasonable balance between our environmental goals and economic and energy goals. We've devoted too much time in a futile search for some quick fix and maybe an equally futile scapegoating effort. Business and government have to begin to cooperate rather than to have an extension of what I think has been a very serious adversarial relationship that's been building up over the last several years." A former head of Consolidation Coal Co., a Conoco subsidiary, Bailey may have as much experience with that problem as anyone in the energy business.

Jack Kawa, a coal analyst at Wheat First Securities in Richmond, looks for some increased coal buying at the end of the year in anticipation of a strike: The United Mine Workers contract expires in March 1981. And Joel Price sees a coal export boom. It started in 1979 when European countries started buying U.S. coal, not only for steelmaking but also for electrical generation. Coal operators are cautious about this market. But working for more U.S. exports are East European coal export cutbacks and Australian port-capacity problems and labor unrest.

Absent a severe oil cutoff, though, Kawa and Price agree that big profits for the coal companies are still several years away. "Demand is still growing in the coal business," says Kawa, "but the capacity to produce is contracting as marginal operations shut down. So what's going to happen is that demand is going to catch up with supply, probably in 1982 or 1983, depending on how many mines are closed. The faster these mines close, the quicker the coal market will turn."

Kawa sums it up neatly: "The Ayatollah has done us a favor. This thing in Iran has galvanized public opinion. Anyone who stands in the way now of getting this country moving toward energy independence—whether it's an environmentalist or a businessman—is going to get trampled." Amen. ■

Who could have foreseen that rampaging mobs in Iran in 1978 would bring Detroit to crisis in 1979? But the auto business has always been cyclical.

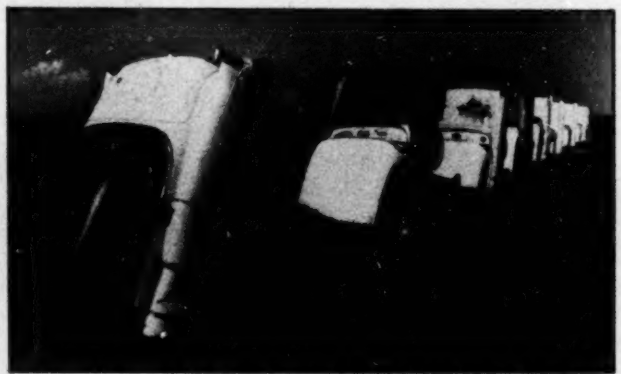


Automotive

Remember Foch at the second battle of the Marne? "My center is giving way, my right is pushed back, situation excellent, I am attacking."

You think he had troubles? Look at Detroit. Sales are sinking, imports are chewing up the market like Japanese beetles in a cabbage patch, Chrysler is close to going belly-up, and Ford is losing money on North American production. Tens of thousands go on and off layoff lists at auto plants each week, but wages are likely to go up $1.15 an hour or so this year. If that wasn't grim enough, the oil companies are talking about gasoline lines again this summer.

In the face of this debacle, are the automakers, like the French marshal, counterattacking? They are getting ready to. "I guess if you were going to be a timid soul you really ought not be in this industry," says Philip Caldwell, president of Ford Motor Co. Car sales, for example, tumbled into 1980 running at a rate of about 9.3 million a year, down from 10.6 million actually sold in 1979. And 2 million-plus of 1980's sales will be imports. In short, about the worst year since 1975.



A dirty old man with a beard turned Detroit's world upside down
This is no place for a timid soul, says Ford's Caldwell.

It will improve, insists General Motors, which predicts combined 1980 car-truck sales of 14 million, matching 1979.

"Fifteen months is the typical Detroit recession," says Arvid Jouppi, the veteran auto analyst at John Muir & Co. "January, February and March sales will run behind 1979, but the crossover will come in early April." He sees spring sales running ahead of last year, which isn't too impressive because last year's spring was hurt by the gasoline lines. "But the third and the fourth quarters will be quite respectable." Car sales this year will end up at about 11.4 million, predicts Jouppi, or almost a million-car gain for Detroit (as imports are nibbled down) over 1979. Much more pessimistic is Lance Brofman, senior economist at A. Gary Shilling & Co., who predicts 10.1 million car sales this year (8 million U.S.-made) and 8.9 million in 1981 with only 7 million of those American models.

"Whenever I start reading about the death of the automobile I figure the downturn is close to its cyclical bottom," says David Healy, analyst at Drexel Burnham Lambert. His estimates are lower—9.7 million sales this year. But he says the import surge will be stopped this coming fall when Detroit introduces new families of gasoline-saving small cars.

Ford's coming small car carries the code name Erika and replaces Pinto. Then in spring of 1981 Ford will offer a sporty takeoff of the Erika. Later, this basic car will be used as the base for a larger model, then possibly chopped to create a minicar. Chrysler is betting its life on the 1981 model K-body series to replace its Aspen and Volare lines. Sleeker variations will be built from the K-models the following year. General Motors Corp. has what it calls its J-body program set for spring 1981 introduction, an entire series of small sporty vehicles. GM's J-car and Ford's Erika will be world cars, allowing variations to be built in other countries to hold down costs.

Unfortunately, they won't cope with the Japanese problem. "We've got two choices," says one Detroiter of the Japanese. He doesn't want his name used because he isn't echoing his firm's policy—yet. "We can abandon the entire bottom of the market to the Japanese—or slap on quotas." Japanese import sales ran about 1,750,000 cars last year, with another half-million trucks coming in. The boom began with the gasoline crisis. Worse, the collapse of the yen against the dollar means the Japanese can hold prices down while American costs and prices soar—some Japanese haven't even raised prices on their 1980 models. This import competition could prevent the American manufacturers from making profits on their smaller cars. (Detroit has often lost money on its small cars.)

"Talk and ship," is the way Ford's Caldwell described Japan's export policy—meaning, negotiate endlessly while pouring cars into the market. Ironically, American duties on import cars are declining this year. The result is likely to spur protectionist talk. Volkswagen, now an American assembler, is complaining to the U.S. Treasury that the Japanese import trucks without paying the required 25% duty by landing them without cargo boxes and not calling them trucks.

Each of Detroit's automakers has its own strategy for dealing with 1980's troubles. GM says it is determined to move ahead on a massive buildup of overseas capacity despite any worldwide recession. "You can't look at the valley; you've got to look at the mountain," says one typically optimistic GM official. "Ford first, then Toyota," said another GM man. GM dominates the market here, but is an also-ran abroad.

The biggest automaker is also pushing forward with the second round of its "downsizing" and will attempt to introduce a family of smaller intermediate-size cars in spring of 1982 and freshly shrunk full-size models in spring of 1983, six months earlier than previously planned in both cases. In addition, GM is working to increase capacity for diesel engines, four-cylinder engines and front-wheel-drive components.

At Ford, the overseas business—which GM is attacking—is what keeps number two in the black. But Ford isn't frightened by GM's publicized plans for conquest. Caldwell says: "We feel that we are making investment decisions on the basis of what is good business, not what might get ink in the newspaper." The major job of the Ford management, however, is to recapture lost sales in the U.S. market and make money on them. That means cutting costs (which Ford is doing at its plants) and getting higher prices for its coming small cars. Ford is expected to be profitable this year ($3 a share, analyst Healy estimates) despite an internal estimate of a $1 billion loss on its combined North American automotive operations.

Retail vehicle sales

The industry spinout continues. When will it end, midyear or beyond? Will Chrysler survive it? If imports keep climbing, will protection follow?

Year	U.S. cars (mil)	Imported cars (mil)	U.S. trucks (mil)	Imported trucks (mil)
1975	7.1	1.6	2.2	0.23
1976	8.6	1.5	2.9	0.24
1977	9.1	2.1	3.4	0.32
1978	9.3	2.0	3.8	0.34
1979	8.3	2.3	3.1	0.50

There will be no profits at Chrysler Corp. The automaker last fall estimated that its 1980 net loss would approach $500 million, but that loss will probably grow as Chrysler sales fall even further with the industry downturn. Lee Iacocca, Chrysler's CEO, had a plan that was probably viable pre-Khomeini. It was to cut costs and improve efficiency enormously, pick up a few added sales with hard work this year, then come on the market with his K-body cars and some expensive models for extra profits. Now Iacocca worries that the odor of bankruptcy could kill any survival hopes. Some waiting-list customers for the still popular Omni and Horizon cars have backed off when their cars were actually ready.

American Motors Corp. seems finally to have escaped the usual rumors of impending demise. When its conventional cars failed in the marketplace in recent years, its profitable Jeep sales soared. When Jeeps sagged last year, the company found success with its new four-wheel-drive Eagle cars. Eventually the company will produce a small, four-cylinder car based on France's Renault, which already owns a piece of American.

The newest American manufacturer, of course, is Volkswagen, which boosted production to 1,000 a day from 850 as 1979 ended. What's more, VW will probably announce a major manufacturing expansion in the U.S. this year.

Legend has it that companies in the business of selling replacement parts boom in a slow auto year, since car owners spend more money keeping the old car running. Maybe, but those old trends are slowing, says Henry P. Allessio of William E. Hill & Co. Lighter cars, improved tires and more electronic components mean fewer replacements of all kinds of parts than formerly.

The overall outlook, of course, will be affected by the fuel supply. GM and other optimists admit the first quarter will be low, but they predict hefty gains as the year goes on. However, much depends on a dirty old man with a beard in far-off Qom. If Khomeini throws the whole Middle East into turmoil, the auto industry's recovery could be retarded. But the real question about the industry's recovery is not whether but when. ■

Automotive

Yardsticks of Management Performance

	Profitability								**Growth**			
	Return on Equity				**Return on Total Capital**				**Sales**		**Earnings Per Share**	
Company	**5-year average**	**5-year rank**	**latest 12 months**	**debt/ equity ratio**	**latest 12 months**	**5-year rank**	**5-year average**	**net profit margin**	**5-year average**	**5-year rank**	**5-year average**	**5-year rank**
Vehicles												
Subaru of America	72.1%	1	54.6%	0.0	55.0%	1	67.2%	1.7%	44.5%	1	D–P	
Caterpillar Tractor	23.5	2	22.6	0.4	17.3	4	17.3	7.6	17.2	4	20.2	4
PACCAR	22.8	3	28.8	0.1	26.8	2	20.9	6.3	14.9	7	20.8	3
Hyster	20.1	4	27.9	0.2	23.1	5	15.9	9.8	13.8	8	25.2	1
General Motors	19.8	5	19.7	0.1	18.1	3	18.0	5.1	13.2	9	12.5	9
Deere	18.1	6	18.0	0.4	13.6	6	14.3	6.6	17.5	3	17.2	5
Clark Equipment	15.7	7	19.7	0.3	15.1	8	11.6	6.2	8.4	13	10.8	10
Ford Motor	15.4	8	15.4	0.1	13.0	7	12.7	3.3	12.7	10	14.1	7
Fruehauf	15.1	9	18.8	0.7	10.9	9	9.5	3.5	20.8	2	13.4	8
Signal Companies	13.1	10	20.2	0.5	13.7	10	9.4	4.9	15.9	6	22.7	2
Intl Harvester	11.3	11	15.8	0.5	11.3	11	8.5	3.7	11.3	11	16.0	6
American Motors	1.5	12	18.9	0.2	16.1	12	2.3	2.2	10.9	12	–10.8	11
White Motor	def	13	9.0	0.8	7.0	14	1.4	1.7	3.1	15	P–D	12
Chrysler	def	14	def	0.4	def	15	def	def	8.2	14	P–D	12
Massey-Ferguson	def	15	def	1.2	def	13	1.7	def	16.9	5	P–D	12
Medians	**15.4**		**18.9**	**0.4**	**13.7**		**11.6**	**3.7**	**13.8**		**13.4**	
Tire & Rubber												
Genl Tire & Rubber	12.6%	1	10.1%	0.3	8.2%	1	9.4%	4.2%	11.0%	1	10.9%	2
Goodyear	9.2	2	7.7	0.6	6.0	2	7.0	2.0	10.0	3	1.2	4
Armstrong Rubber	8.3	3	6.5	0.6	5.7	3	6.2	2.2	10.5	2	10.0	1
B F Goodrich	6.4	4	10.2	0.5	7.7	4	5.6	3.0	8.9	5	6.5	3
Uniroyal	2.0	5	def	0.8	1.4	5	2.9	def	5.9	6	–20.7	5
Firestone	2.0	6	def	0.4	def	6	2.5	def	9.2	4	–26.2	6
Medians	**7.4**		**7.1**	**0.6**	**5.9**		**5.9**	**2.1**	**9.6**		**3.9**	

Automotive

Yardsticks of Management Performance

	Profitability								Growth			
	Return on Equity				Return on Total Capital				Sales		Earnings Per Share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Auto Suppliers												
Snap-On Tools	24.8%	1	30.6%	0.2	26.0%	2	20.7%	11.5%	18.9%	2	19.2%	2
Hoover Universal	22.8	2	20.7	0.6	14.5	3	17.4	4.7	14.3	10	17.1	6
Genuine Parts	21.2	3	22.1	0.0	21.5	1	21.3	4.8	16.9	5	16.4	7
Dana	20.2	4	22.0	0.3	17.5	4	15.5	6.0	17.5	4	18.1	4
Echlin Manufacturing	20.1	5	21.3	0.5	16.2	5	14.6	7.5	19.4	1	15.5	10
Arvin Industries	18.9	6	13.4	0.6	9.2	9	12.2	4.0	15.4	7	26.1	1
Easco	18.2	7	14.5	0.5	9.7	13	11.4	3.0	14.3	9	13.3	13
Barnes Group	17.4	8	24.4	0.3	18.2	7	13.9	5.9	14.9	8	18.3	3
Federal-Mogul	16.5	9	22.2	0.2	17.5	8	12.6	6.7	10.4	17	17.6	5
Sheller-Globe	16.3	10	10.6	0.5	7.0	17	9.7	2.1	17.5	3	12.8	15
Champion Spark Plug	16.0	11	15.3	0.1	13.6	6	14.6	7.1	10.5	16	4.6	18
Eaton	15.2	12	19.1	0.9	10.1	16	9.9	4.3	12.1	11	8.5	16
Cummins Engine	15.1	13	13.4	0.3	10.1	15	10.5	3.4	16.2	6	15.8	9
Bendix	14.8	14	17.5	0.4	13.9	10	11.9	4.2	11.5	13	16.2	8
Purolator	14.7	15	17.6	0.3	13.6	12	11.4	3.9	10.7	15	2.8	19
Libbey-Owens-Ford	13.8	16	14.3	0.2	12.0	11	11.7	5.4	10.8	14	6.1	17
Allen Group	12.9	17	17.0	0.7	10.0	18	8.7	3.0	11.8	12	15.0	11
Borg-Warner	12.5	18	15.6	0.2	13.5	14	11.0	5.8	8.9	18	13.0	14
A O Smith	9.2	19	14.2	0.2	11.5	19	7.5	3.4	6.4	19	13.6	12
Questor	3.9	20	4.4	0.6	4.6	20	4.0	1.4	6.2	20	–6.1	20
Medians	**16.2**		**17.3**	**0.3**	**13.6**		**11.8**	**4.5**	**12.3**		**15.3**	
Industry Medians	**15.1**		**17.0**	**0.4**	**13.0**		**11.4**	**4.0**	**12.1**		**13.4**	
All-Industry Medians	**15.1**		**16.7**	**0.4**	**11.8**		**11.0**	**5.3**	**13.1**		**13.1**	

Note: Explanation of Yardstick calculations on page 51.
P-D Profit to Deficit. D-P Deficit to Profit; not ranked. def Deficit.

Lords of the line

By the end of the current contract between the United Automobile Workers and the big carmakers (and farm-implement makers, too), a typical production worker may well be earning $28,000 a year. He will continue to be covered by a comprehensive medical and dental plan, will be able to retire at age 56 with a pension (after 30 years on the job) of $915 a month. And, by the end of the contract, of the 261 work days in the year, he'll have about 39 to 40 off with pay—9 paid holidays, a full week between Christmas and New Year's Day and vacation time. If he's laid off, his state unemployment compensation and company supplements will give him almost as much as he earns after taxes.

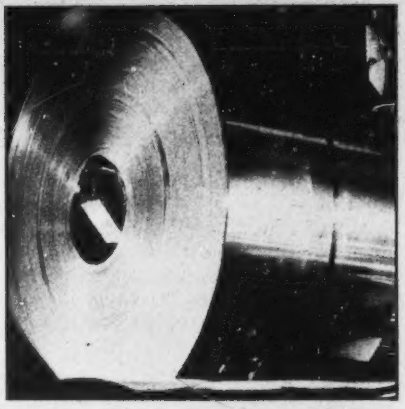
That's not bad for a five-company industry where Chrysler is near bankruptcy, AMC will survive only with the help of a foreign partner, Ford expects to lose $1 billion on its North American automotive operations this year and imports are grabbing 20% to 25% of the market.

These remarkable achievements—by both the industry and the UAW—came about as a result of the evolution of what may be the most civilized and sophisticated bargaining system anywhere. The UAW from its inception in 1936 was constituted as an industrial organization and not a craft union. Unlike George Meany's plumbers and the other building trades crafts unions, which fought every innovation in construction that threatened their control of particular jobs, the UAW took the position that the employer could bring in new labor-saving technology as long as UAW members ran those machines—thus enabling the companies to make enormous investments in productivity and allowing their employees to share in those gains.

Union bargaining tactics have also contributed to their success. Contracts expire around new model introduction time in the fall, when delays in getting new models into the showrooms could ruin an entire model year. What's more, the union bargains not with the industry but with each company individually. As the strike deadline approaches, the union picks a single target company, and that "target" must settle or take a strike while its competitors keep producing cars. If GM takes a long strike, as it did in 1970, its officials feel pressure to settle because of the effect on the national economy (400,000 striking plus tens of thousands making steel or tires or parts affected), as well as the effect on the company's public image, to say nothing of lost profits and lost customers who may not come back.

Just how many workers will be getting that $28,000 a year in 1982 is another question as climbing car prices push some customers out of the market and low-priced imports capture others.

Ever optimistic even in time of adversity, the metals producers think they are entering a golden age. Maybe they are. They have what the world needs.



Metals

If the Seventies was a period of famine for most of the metals producers and their shareholders, the decade of the Eighties promises to be a banquet. For the aluminum and copper giants the few bright years couldn't redeem what turned out to be a decade with one of the worst earnings streaks on record. A binge of overexpansion by the aluminum companies in the late Sixties and early Seventies glutted the marketplace with the metal.

It wasn't until 1978 that the earnings and stock prices for Alcoa, Kaiser Aluminum & Chemical, Reynolds Metals and Alcan began to rebound. In 1979, for the first time in more than a decade, all four companies' return on equity exceeded 16%. All four aluminum producers rang up record earnings, jumping an average of 35% from 1978. And although the recession will almost surely undercut those gains, the tightening supply in the face of increasing demand for these metals over the rest of this decade bodes well for producers and investors alike.

Kaiser Chairman Cornell C. Maier

"To us, building inventories is money in the bank."

"We are positive there is going to be a shortage of aluminum in the Eighties," says Cornell C. Maier, chairman and CEO of Oakland, Calif.'s Kaiser Aluminum. "We'll never again see the overexpansion we had in the late Sixties because of the unavailability and price of energy around the world. To us, building inventories is money in the bank."

Maier's conviction is shared by most industry executives, including Alcoa's Vice President of Corporate Planning Harry Goern, and David M. Culver, president and CEO of Canada's Alcan. Why these men see an impending shortage has a lot to do with the dearth of new primary capacity. Although producers like Kaiser and Alcoa are planning expansion of flat-rolled product, there is virtually no new capacity for primary raw ingot (the term used to describe aluminum extracted from bauxite) scheduled to come on stream domestically in the foreseeable future. (The exceptions in the U.S. are a $400 million plant being built by Alumax in South Carolina, and facilities under construction or just completed by Martin Marietta and Atlantic Richfield's Anaconda subsidiary.) Capacity should grow by 3%, but demand is expected to grow in excess of 5% a year. Japan's decision two years ago, moreover, to cut off a third of its smelting production because of soaring energy costs will mean greater dependence on the U.S.' big three and Alcan for aluminum. What's more, because foreign-made aluminum is more expensive than that manufactured in the U.S., the domestic producers are protected from the threat of import competition.

It is understandable why the producers are not rushing headlong to build smelting plants. Even at today's ingot price of 66 cents a pound—compared with the 1978 average of 55 cents—the massive capital outlays and rocketing energy costs involved would mean a low return on investment. Maier estimates, for example, that building a plant today costs four times the amount it did ten years ago. That's why Kaiser's future expansion plans are negligible compared with its 38% growth in smelting capacity over the last decade. Also, the days of new low-cost hydroelectric power in the U.S. are practically over. The Pacific Northwest's Bonneville Power Authority, which provides cheap energy for the production of a third of the U.S.' aluminum, will soon be hiking its rates sharply.

But that's only the supply side. The changes expected on the demand side are no less a testament to the bright outlook for the Eighties. Government mileage requirements have placed heavy aluminum demands on Detroit's big three automakers. Although the production of automobiles, trucks and buses is almost certain to drop below 1979's 11.5 million units as the recession worsens, each car rolling off Ford's assembly lines this year, for instance, will average 140 pounds of aluminum compared with about 117 pounds last year, and will reach 200 pounds by 1985, when it is estimated that transportation will account for 25% of all aluminum consumed, compared with today's 21%. The other major aluminum markets, construction and containers, are roughly the same size as transportation. With housing starts already dropping from last year's 1.7 million units, demand for aluminum by builders will soften considerably. But the beer and soft-drink can manufacturers will take up some of that slack. The percentage of beer cans made from aluminum has grown from 60% to 75% in the last four years alone, and more growth can be expected in the next four.

Small by comparison with the transportation, building and container markets, the aerospace industry's aluminum usage (3.5% of total consumption) has grown 35% a year for the last couple of years, and although that brisk pace won't be maintained, demand will remain strong. Aircraft manufacturers like Boeing, Lockheed and McDonnell Douglas have three times more orders on their books today than just two years ago. Some of them have worked closely with the manufacturers to develop special alloys containing aluminum, zinc, magnesium and copper.

Aluminum shipments overall are expected to be down 3% to 8% this year from 1979's 7.25 million tons, depending on the severity of the recession. For the longer term, shipments will increase 6% a year. Although Ronald Shorr of Bear, Stearns & Co. is predicting an earnings decline of more than 25% this year for Kaiser, Alcoa, Alcan and Reynolds, an investor willing to look ahead toward 1981 might do well to consider the aluminum play.

Last year brought relief to the long-suffering copper producers—Kennecott Copper, Phelps Dodge, Newmont Mining, GK Technologies and Standard Oil of Indiana's Cyprus Mines subsidiary. Their earnings rocketed as much as 20 times 1978 levels—but from dismally low levels. The big jump was attributable to the 90 cents-a-pound average price of copper compared with the 60-cent-to-65-cent price range of the last five years. As with aluminum, copper prices reflected strong demand for the metal in the face of a dwindling supply. Warehouse inventories at the London Metal Exchange, for example, had gotten below 200,000 tons at year's end, down 70% from the record 709,000 tons of January 1978.

The boom in copper prices follows one of the fallowest periods on record. A worldwide glut of the metal (the U.S. accounts for a fourth of the world's copper) caused prices to fall sharply during the 1974-75 recession. But patient investors whose shares were cut in half in 1977 were able to recoup some of their losses this past year.

"It's been a highly traumatic period. The industry has had to incur enormous debt on its balance sheets," says Phelps Dodge Chairman George Munroe, whose company's production is running full throttle, with workers punching time clocks six days a week instead of the four days common at many Phelps mines in 1975. Munroe is admittedly pessimistic about the economy this year, but sees a resurgence in copper demand in 1981. (In any case he's playing it close to the vest. "We want to remain flexible," he says, echoing the sentiment of other industry executives.) Should demand start falling off, Phelps will curtail production accordingly.

As William G. Siedenburg of Smith Barney, Harris Upham & Co. points out, for every 1-cent price increase in copper, the per-share earnings of Phelps Dodge will increase by as much as 17 cents. For Kennecott, 14 cents; Newmont, 13 cents. Unlike Kennecott and Newmont, Phelps' mines don't produce sizable amounts of gold, silver and molybdenum (an important ingredient in Arctic pipelines), all of which have had sharp price runups.

It's a different story altogether for Kennecott and Newmont, which extract vast amounts of precious metals while mining

Metals

Yardsticks of Management Performance

	Profitability								Growth			
	Return on Equity				Return on Total Capital				Sales		Earnings Per Share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Aluminum												
Kaiser Alum & Chem	13.9%	1	20.5%	0.7	11.4%	3	8.1%	7.1%	13.5%	1	20.9%	1
Alcoa	13.1	2	22.9	0.5	14.8	2	8.8	10.1	12.6	4	16.4	3
Alcan Aluminium	12.8	3	22.2	0.3	14.7	1	9.1	8.6	13.2	2	13.6	4
Reynolds Metals	11.2	4	16.7	0.7	9.4	4	6.5	5.3	12.6	3	19.5	2
Medians	**13.0**		**21.4**	**0.6**	**13.1**		**8.5**	**7.9**	**12.9**		**18.0**	
Copper												
GK Technologies	13.9%	1	28.0%	0.7	13.9%	1	8.9%	5.0%	9.1%	1	10.2%	1
Revere Copper	4.5	2	19.2	1.6	8.8	3	3.3	3.4	7.3	3	5.2	2
Phelps Dodge	4.5	3	8.4	0.6	6.2	2	4.3	6.7	3.0	4	–16.3	3
Kennecott Copper	1.8	4	6.1	0.4	5.4	4	2.6	3.7	8.2	2	–27.0	4
Medians	**4.5**		**13.8**	**0.7**	**7.5**		**3.8**	**4.4**	**7.8**		**–5.6**	
Diversified Metals												
Engelhard Minerals	25.7%	1	33.1%	0.3	25.1%	1	20.7%	1.8%	27.1%	1	21.1%	1
Handy & Harman	20.5	2	17.7	0.8	11.1	3	13.7	2.4	10.4	8	20.5	2
St Joe Minerals	17.4	3	17.6	0.3	12.1	2	14.2	8.2	22.4	2	8.9	3
Gulf Resources & Chem	14.6	4	10.4	0.9	7.1	4	9.8	3.5	18.8	3	7.7	4
AMAX	11.4	5	19.4	0.4	13.4	6	8.4	12.4	9.5	9	5.1	5
Commercial Metals	11.1	6	22.7	0.4	16.5	5	9.1	1.3	15.2	4	–0.5	7
Texasgulf	10.7	7	13.4	0.4	8.5	7	7.6	13.3	10.8	7	0.6	6
Newmont Mining	8.7	8	21.6	0.4	14.2	8	6.7	16.2	14.0	5	–7.5	8
Inco Ltd	8.0	9	3.9	0.5	2.5	10	5.2	3.6	12.4	6	–8.9	10
ASARCO	6.9	10	24.3	0.4	18.0	9	6.1	14.3	5.1	10	–7.6	9
Medians	**11.3**		**18.6**	**0.4**	**12.8**		**8.8**	**5.9**	**13.2**		**2.9**	
Industry Medians	**11.3**		**19.3**	**0.5**	**11.8**		**8.3**	**6.0**	**12.6**		**6.5**	
All-Industry Medians	**15.1**		**16.7**	**0.4**	**11.6**		**11.0**	**5.3**	**13.1**		**13.1**	

Note: Explanation of Yardstick calculations on page 51.

copper. These by-product metals partly offset the huge cost of mining copper. Kennecott, for instance, produces more gold than any other U.S. mining company except Homestake Mining Co. For every ton of copper (worth about $1,900 at recent prices) that comes out of a Kennecott mine, the company reaps about $225 worth of gold, $125 worth of silver and $408 worth of molybdenum. One of the lowest-cost copper producers is Newmont, which last year produced 350,000 ounces of gold—earning more from gold alone in 1979 than from all its operations in 1978.

Siedenburg predicts earnings for the copper producers will drop more than 10% on average this year as copper prices fall to the 80-cent-to-85-cent range. He sees a 6% drop in domestic consumption and a slight increase in demand outside the U.S. Also contributing to lower prices will be the addition of some 600,000 tons of production as new mines come on stream or old ones are reopened in Mexico, Australia, Chile, the Philippines and Canada, as well as in the U.S. But despite the short-term softening of demand, things look considerably brighter longer term.

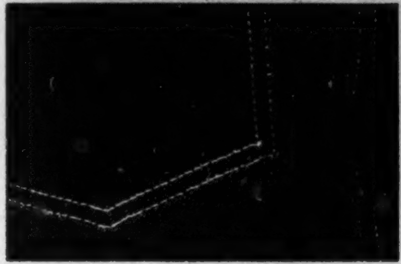
"We are positive there is going to be a shortage of aluminum in the Eighties. If we were to build a plant today, it would cost at least four times the amount of ten years ago."

Siedenburg predicts that in the Eighties there will be a new range of pricing for copper in the $1-to-$1.70 range. If he's right, earnings for the producers could grow exponentially.

In diversified metals, earnings were up sharply last year for ASARCO, Texasgulf, Gulf Resources & Chemical, St. Joe Minerals, Engelhard Minerals & Chemicals and AMAX as the prices of lead, zinc and molybdenum followed copper, aluminum, silver and gold. AMAX, Inc., the world's biggest molybdenum producer, doubled its earnings to $6.15 as molybdenum prices went from an average of $4.50 to over $8 a pound. With lead averaging about 50 cents a pound—15 cents above 1978's price—St. Joe Minerals was able to hike its earnings last year from $1.95 to $3.85. The diversified metals producers, like the copper producers, have weathered a bad decade, forcing them to shut down marginal mines. Gulf Resources & Chemical, for one, shut down two of its zinc operations and hasn't yet reopened them.

Just how the metals producers will fare this year depends, of course, on what happens to the economy. Long range, they have what the world must have. ■

The soapmakers and suppliers to retail chains have already had a dry run on their recession, so their inventories are down and they've cut costs.



Household products and apparel

FOR THE MAKERS OF CLOTHING, textiles, appliances and housewares, 1980 could turn out to be not a whole lot worse than what they went through last year. While the recession that was supposed to swallow 1979 only played around with the economy like a pussycat with a mouse, companies such as Whirlpool Corp., Oxford Industries, Hoover Co., Magic Chef and Springs Mills took the worst of it. The rising costs of housing, energy, food and medical care, on which inflation is taking a 17% annual ride, leave that much less disposable income for spending on cooking ranges, refrigerators, sport jackets and hair dryers.

Consumers have been borrowing at record rates, but they are being very selective about where they spend those borrowed dollars. For most of the companies in FORBES' Household Products And Apparel Group this translates into a continued inability to pass on rising manufacturing costs to their customers. Thus, the inflation rate for *non*necessities last year was a mere 6%—half the overall rate.

In July Procter & Gamble ($9.3 billion) tried a 7% price increase on its facial and toilet tissue—two very important products in P&G's nonfood product area, the source of 85% of its sales and over 90% of its profits. But by September, when competitors like Colgate-Palmolive Corp. ($4.5 billion) still hadn't hiked their own prices, P&G called off its increase. That signals the priorities for *this* group in 1980: soft prices maybe, but loss of market share? Over somebody's dead body.

Heels to the rescue?

Fashion and wild eclecticism in style raised U.S. shoe sales 18% last year to over $14.3 billion: track shoes, tennis shoes, cowboy boots, saddle shoes, resurgent penny loafers, woven summer shoes, climbing boots, women's pumps in staggering combinations of color, heel, strap and toe formation.

There would be little to stop shoe bags from overflowing except that leather prices are 65% higher than two years ago and foreign producers, who account for about half of U.S. retail shoe sales, are pushing their highest-priced products onto the U.S. to get the most from import quotas. The variety is still bringing shoppers to the shoe stores in droves, but there's less buying. Says Milton Shore, president of Morse Shoe Co., a $400 million operator of leased shoe departments and nearly 600 self-service Fayva stores, "There is not a tremendous amount of optimism for 1980."

But style changes may keep the bubble floating a while longer; Joseph Browne, "better shoe" manager at Bloomingdale's—always a trend leader for shoe retailers—expects this spring's lower heel on women's shoes to boost demand again. And what Bloomies can sell for $100 in leather, Fayva can market for $30 in polyurethane.

For housekeeping productmakers like P&G and Colgate, the transition into the 1980s means facing up to the end of 25 years of unceasing market growth as the baby-boom generation matures into its homemaking phase. Market analysts, such as Jane Gilday of Faherty and Faherty, look for Purex ($629 million sales) and other lower-priced discounters to pick up market share from higher-priced competitors.

Still, as bad as the slowdown may get, these companies won't be their own worst enemies this time around. Says Gilday: "This has been the best-heralded recession ever. All through the industry the companies have been watching their inventories and keeping costs down."

If anything, the textile and apparel producers have been even more sensitive. Seldom have the inventory pipelines from department stores to apparel manufacturers to textile producers to fibermakers been so squeaky clean. For those who sustain themselves by keeping the Sears, Roebucks, J.C. Penneys, Montgomery Wards and K marts stocked with plaid shirts, wool socks, sensible underwear and disco pants knockoffs, the cure was almost worse than the disease. As early as the fourth quarter of 1978 the mother chains began inventory workoffs in preparation for their fiscal blahs, and their hungry suppliers have been banging their plates for more orders ever since. Goldman, Sachs textile analyst Jay Meltzer thinks the private-label manufacturers such as Kellwood Co., Oxford Industries, Cluett, Peabody & Co., Inc. and Phillips-Van Heusen Corp. may have already seen the worst of it. "I don't think 1980 will be as bad for them as 1979 was," says Meltzer.

But in St. Louis, where Kellwood is having its second down year in a row (it depends on Sears for 74% of its sales annually), CEO Fred W. Wenzel isn't so sure: "We expect 1980 to be a down year. We haven't seen any appreciable change in orders from Sears, and don't expect to for a while. Consumers aren't going to have enough money to spend on apparel."

But not every garment- and textilemaker is as fused to one customer as Kellwood, and the industry is full of people who don't think they will experience a true recession in 1980 at all. Some say that computerized inventory management systems, careful buying patterns and other hard-learned lessons from 1974-75 may have so diffused the effects of this recession as to change its nature. Says Cone Mills Chairman Lewis S. Morris, "The whole industry learned something from the last recession. With the economy turning down, the industry can look for 1980 to be more of the same as we've had in 1979."

"More of the same" for Morris and Cone Mills will also have its positive side. Along with Dan River Inc., West Point-Pepperell and J.P. Stevens, they are among the biggest producers of denim and corduroy—two products that will continue to be much in demand here and overseas in what looks like an unstoppable rebound from an inventory glut in 1978. The eager denim customers are not only the traditional blue jeans makers, Levi Strauss, Blue Bell and H.D. Lee, but smaller manufacturers, such as Puritan Fashions Corp., which are licensed to make those hot-selling $35 designer jeans.

At year-end the big three jeans producers were claiming 25% order backlogs and 20% to 40% earnings increases over 1978. For some of their denim suppliers, like Graniteville and Riegel, the demand at best promises only to offset the drag on their earnings from other slow-moving fabrics, making 1980 a year of continued flat profits. But Cone Mills, which may have a bigger stake in denim and corduroy than any other U.S. producer, thought enough of the market to pass on a 1.8% price increase to its customers last fall, just after a third quarter lift in prices. There wasn't a murmur of complaint.

Burlington Industries, the biggest factor in the textile business, with sales of $2.4 billion last year, produces about as much denim and corduroy as does $618 million-sales Cone Mills. But Burlington's large commitment to a sagging home furnishings business and a full range of synthetic fabric production sets it up for continued hard times in 1980. Even where there is strong demand for some synthetics, such as textured polyester wovens, a versatile, wear-resistant fabric used by Levi Strauss in its popular stretch slacks and coveted by China, the goods are being overproduced by the industry. In fact, analysts expect the entire noncellulose synthetic fiber industry (including wovens, double knits and polyester staple) to flatten or even fall by 3% or so—an industry segment that grew 7%, to over 8 billion pounds shipped last year.

Nevertheless, Burlington, which took more than a little flak for spending $35 million to modernize a denim-producing plant in the middle of an inventory glut in 1978, is plainly delighted at the way that investment is already paying off. "The onetime startup expenses for modernizing our denim production have already been paid," says Burlington President Frank S. Greenberg. "We said we would be profitable by the March quarter and we were."

Despite the dour outlook for the economy's short-term health, the giant mill firm will continue in 1980 its formidable capital spending of the last few years, devoting about $215 million to new plant and equipment. Explains CEO William A.

Household Products

Yardsticks of Management Performance

	Profitability								Growth			
	Return on Equity				Return on Total Capital				Sales		Earnings Per Share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Appliances												
Maytag	27.2%	1	28.8%	0.0	27.5%	1	26.5%	12.0%	9.1%	4	8.7%	5
General Electric	19.4	2	21.2	0.2	18.5	2	16.9	6.4	10.5	3	11.2	2
Whirlpool	18.0	3	16.7	0.1	14.9	3	15.2	4.7	5.3	8	10.7	4
RCA	16.6	4	18.5	0.7	12.2	4	10.7	4.0	8.9	5	23.6	1
Sunbeam	13.2	5	13.7	0.4	11.1	5	10.5	3.8	13.8	1	10.9	3
Hoover Co	10.3	6	18.1	0.1	17.2	6	9.4	5.2	7.4	6	–0.4	7
Magic Chef	9.8	7	12.8	0.5	9.2	7	8.5	3.1	12.8	2	6.7	6
Scovill	9.8	8	18.1	0.8	10.9	8	7.8	3.6	4.4	10	–4.8	9
Zenith Radio	7.8	9	7.9	0.2	7.1	9	7.3	2.1	4.5	9	–9.3	10
Tappan	3.5	10	11.5	0.5	9.1	10	3.5	2.5	6.1	7	–0.5	8
Singer	def	11	def	0.7	def	12	def	def	–0.1	11	P-D	11
Fedders	def	12	def	0.8	def	11	def	def	–4.2	12	P-D	11
Medians	**10.1**		**15.2**	**0.5**	**11.0**		**9.0**	**3.7**	**6.8**		**3.2**	
Housewares & Furnishings												
Rollins Inc	22.3%	1	19.2%	0.1	16.1%	1	17.5%	8.6%	12.6%	3	13.1%	3
Toro	17.2	2	29.2	0.6	21.0	2	12.9	4.8	19.2	1	13.8	2
Insilco	15.9	3	16.7	0.6	9.8	5	9.6	5.2	5.6	8	10.6	6
Black & Decker	15.0	4	21.2	0.2	17.3	3	12.4	7.8	17.5	2	12.5	5
Stanley Works	14.7	5	18.4	0.3	14.7	4	11.6	6.0	11.0	4	12.8	4
Talley Industries	12.7	6	6.9	0.8	5.6	7	8.0	1.8	6.0	7	8.9	7
Roper Corp	12.4	7	9.8	0.6	7.4	6	9.0	2.3	8.1	6	18.5	1
Mohasco	6.0	8	3.5	0.7	3.7	8	5.0	0.9	8.7	5	–2.6	8
Medians	**14.5**		**17.6**	**0.6**	**12.3**		**10.6**	**5.0**	**9.9**		**12.7**	
Housekeeping Products												
Clorox	19.5%	1	19.0%	0.2	15.9%	1	15.1%	6.6%	18.2%	1	6.6%	6
Procter & Gamble	18.9	2	19.4	0.2	15.3	2	14.9	6.1	15.3	4	11.2	3
Economics Laboratory	17.9	3	18.3	0.2	14.5	4	13.7	6.5	17.7	2	15.8	1
Colgate-Palmolive	16.7	4	15.9	0.3	12.6	3	14.4	3.9	16.1	3	10.8	4
Purex Industries	15.0	5	15.1	0.3	11.3	5	11.1	4.1	7.2	6	11.8	2
Scott Paper	11.0	6	15.2	0.4	11.2	6	8.2	7.4	12.1	5	10.6	5
Medians	**17.3**		**17.1**	**0.3**	**13.6**		**14.1**	**6.3**	**15.7**		**11.0**	
Industry Medians	**14.9**		**18.7**	**0.4**	**11.8**		**10.8**	**4.4**	**9.0**		**10.7**	
All-Industry Medians	**15.1**		**16.7**	**0.4**	**11.8**		**11.0**	**5.5**	**13.1**		**12.1**	

Note: Explanation of Yardstick calculations on page 51.
P-D Profit to Deficit. def Deficit.

Klopman, "We are seeing positive results from our extensive capital spending programs. We believe our industry will not suffer as deep a downturn as others and we think that the recession will not be as severe as 1974-75."

Fast-rising export sales have been the most noticeable payoff on the industrywide capital spending spree of recent years. Besides Burlington, producers Dan River and Springs Mills have been spending nearly one and one-half times their annual depreciation (the usual industry level) on modernization.

Along with trade agreements restricting imports, the devalued dollar and worldwide acceptance of U.S. fashions, upgraded technology has made the U.S. the world's lowest-cost textile producer and driven exports up 50% last year while imports fell 20%. Many industry executives, such as Dan River President Robert S. Small, expect that a downturn in consumer spending at home will be considerably offset by the booming export market in 1980. Says Small, "We are countercyclized with Europe and the Far East right now. Last year our exports raised U.S. textile production 2% or 3% for the year and we expect that increase to hold up through 1980."

Could it be that the healthy export market, combined with staggered business cycles here and overseas, will further help to counteract recessionary trends in the coming decade? "At the present time it sure looks that way," says Small. ■

Apparel

Yardsticks of Management Performance

	Profitability								Growth			
	Return on Equity				Return on Total Capital				Sales		Earnings Per Share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Apparel												
Levi Strauss	33.7%	1	32.0%	0.2	27.2%	1	28.1%	9.2%	21.6%	1	40.7%	2
Blue Bell	25.3	2	21.8	0.1	18.6	2	21.0	6.5	17.7	2	28.3	3
VF Corp	16.3	3	17.5	0.1	14.9	3	14.0	6.9	8.8	4	9.6	6
Interco	14.6	4	14.4	0.2	12.8	4	13.7	5.1	11.1	3	8.9	7
Manhattan Industries	13.7	5	11.6	1.0	6.8	5	9.1	1.8	8.4	5	69.6	1
Oxford Industries	10.2††	6	9.9	0.3	8.6	6	8.8††	2.6	7.8	7	5.1†	8
Cluett, Peabody	10.1	7	9.3	0.3	7.7	7	8.5	2.7	2.5	12	22.7	5
Rapid-American	9.8	8	17.1	3.3	6.8	10	5.8	1.5	–0.5	13	24.6	4
Kellwood	9.4	9	def	0.8	1.0	8	7.4	def	8.3	6	–2.7	11
Hart Schaff & Marx	8.2	10	9.9	0.3	8.7	9	7.2	3.2	5.8	9	3.8	9
Jonathan Logan	5.3	11	3.1	0.3	3.1	11	4.8	1.3	4.1	10	–8.4	12
Phillips-Van Heusen	5.2	12	8.5	0.6	6.4	12	4.3	2.2	2.8	11	2.7	10
Warnaco	1.3	13	15.5	0.6	10.6	13	2.7	2.7	7.1	8	–63.4	13
Genesco	def	14	12.5	1.6	7.0	14	def	1.1	–4.4	14	D-D	14
Medians	**10.0**		**12.1**	**0.3**	**8.2**		**8.0**	**2.7**	**7.5**		**7.0**	
Textiles												
Cone Mills	17.4%	1	16.3%	0.1	14.8%	1	15.0%	6.2%	11.3%	2	32.0%	1
Fieldcrest Mills	15.6	2	18.1	0.5	12.9	3	10.9	4.8	9.7	5	19.5	3
Collins & Aikman	14.0	3	12.0	0.1	10.1	2	11.5	3.7	10.6	4	9.0	8
Riegel Textile	14.0	4	12.3	0.4	8.9	5	10.1	3.8	8.9	7	19.2	4
Reeves Brothers	12.2	5	18.0	0.3	14.6	4	10.4	5.8	7.7	10	10.9	7
West Point-Pepperell	10.5	6	9.5	0.4	7.6	6	8.9	2.7	12.4	1	14.3	6
Graniteville	8.5	7	1.1	0.2	1.7	8	7.4	0.4	11.0	3	1.0	12
Burlington Inds	8.0	8	7.4	0.5	6.0	9	6.5	2.9	3.7	13	1.2	11
Cannon Mills	7.9	9	10.5	0.0	10.4	7	7.9	4.9	7.6	11	8.3	9
J P Stevens	7.9	9	9.0	0.6	7.0	10	6.4	2.4	8.2	8	16.3	5
Dan River	6.7	11	13.0	0.5	8.9	13	5.2	3.7	6.4	12	25.5	2
Springs Mills	6.3	12	11.1	0.2	9.5	12	5.5	4.4	9.0	6	8.7	10
Avondale Mills	6.0	13	2.9	0.0	2.9	11	5.8	0.9	8.2	9	–4.6	13
M Lowenstein	def	14	1.1	0.6	2.6	14	1.7	0.3	2.9	14	P-D	14
United Merch & Mfrs	def	15	18.6	3.4	4.9	15	def	1.6	–0.9	15	P-D	14
Medians	**8.0**		**11.1**	**0.4**	**8.9**		**7.4**	**3.7**	**8.2**		**9.0**	
Shoes												
Melville	28.6%	1	26.3%	0.2	24.5%	1	26.4%	4.8%	19.0%	1	21.7%	2
SCOA Industries	25.7	2	28.3	1.0	17.0	2	15.3	2.7	15.1	2	68.9	1
McDonough	17.7	3	16.6	0.1	14.7	3	14.7	5.8	9.7	4	16.8	3
United States Shoe	16.0	4	16.0	0.4	12.5	4	12.3	3.3	11.6	3	13.4	4
Brown Group	12.2	5	15.6	0.3	12.8	5	9.9	3.5	9.6	5	5.5	5
Medians	**17.7**		**16.6**	**0.3**	**14.7**		**14.7**	**3.5**	**11.6**		**16.8**	
Industry Medians	**10.3**		**12.4**	**0.3**	**8.9**		**8.7**	**3.1**	**8.4**		**9.8**	
All-Industry Medians	**15.1**		**16.7**	**0.4**	**11.8**		**11.0**	**5.3**	**10.1**		**10.1**	

Note: Explanation of Yardstick calculations on page 51.
†Four-year growth. ††Three-year average. P-D Profit to Deficit. def Deficit. D-D Deficit to Deficit.

What? Price wars in a time of rapidly rising food prices? That's what the supermarket operators are facing as they peddle the ultimate staple.

Supermarkets and wholesalers

YOU MAY NOT BELIEVE IT from what you see at the checkout counter, but supermarket men are going into 1980 twitching about price wars.

Sure, food sellers always talk about bargains, even when they are raising prices (Giant Cuts Prices; Low Prices . . . Safeway's got 'em; Double-Coupon Savings at A&P). And, of course, prices soared last year, pulling supermarket profits up with them. But now there's a reaction. It's not that people aren't going to buy food. "You can drive an old car, wear old clothes, but everybody has got to eat," observes Jack Twyman, chairman of Super Food Services, Inc., a wholesaler. What concerns retailers is not what they will buy, but where. With food prices likely to jump another 12% in 1980, analysts figure that retailers will panic into price wars to keep from losing volume to each other or to the fast-growing "box" stores, those no-checks-or-coupons-bring-your-own-bag food garages.

"Price wars are ruinous," says Edgar Walzer, editor of *Progressive Grocer.* "Whether it kills companies dead or just maims them is a matter of degree and how long they last. There's not enough margin in the retail business to sustain that sort of thing for any length of time."

There were some serious outbreaks in 1979. In Denver, The Dillon Cos., Inc. reported that sales for the first fiscal quarter were up, but earnings of $9,767,000 were down 37% before taxes because of price wars. Safeway, the nation's largest chain, was hurt by West Coast price wars it had instigated.

"Price wars hit every five to seven years," says analyst Dennis E. Ross of Davis, Skaggs and Co. "They'll have a war for 6 to 12 months. After a few marginal operators are driven out, gimmicks [games and promotions] are introduced again. Then they'll get into trading stamps for a couple of years. When everybody uses stamps and there's no advantage to them, they'll look for something new and you'll get price wars again. This time the big chains decided not to go with stamps, compressing the cycle from seven to four years."

Price wars usually begin when there is a slowdown in inflation and a recession, says Wayne Fisher, chairman and CEO of Lucky Stores, Inc. And that's exactly what he expects early this year. "If we can get by the early part of the year without price wars, we won't have any," he predicts.

In fact, there is no apparent single trend for this year. Generally, the return on equity for the major supermarket chains showed improvement in 1979. Even A&P, long in the doldrums, was looking up. And the recession may not stop these gains, if it encourages more eating at home. "If people decide to buy our chicken instead of going to the Colonel, that'll help us," says Safeway Stores President Dale Lynch.

While the Agriculture Department predicts that consumers will pay 8% more for food next year, it also says supermarket profits will be off somewhat. "The food industry is likely to be

Food stores—the new Euro targets

First it was real estate and farmland, and now supermarkets. Foreign investors are moving into the food industry. Tengelmann's tender for 42% of Great Atlantic & Pacific Tea Co. is the best-known foreign acquisition. But European firms now own, wholly or partly, ten companies with 10% of the U.S. retail food business *(see table).*

"You tell me why anyone would want to get into this business," says Bernard Weingarten, president of Weingarten Inc., a food retailer that had rough times last year. But in a good year American supermarkets are attractive investments, despite margins that are low by European standards. With earnings of 1% to 1.5% of sales, they seem to offer the potential for income growth with little risk.

Foreigners are attracted to American food retailing because they feel they understand it, says analyst Dennis Ross of Davis, Skaggs and Co. "The principles are the same. You buy something, put it in the shop and somebody comes in and buys it." Also, most retail companies have fairly extensive real estate, which foreigners like.

The most likely takeover candidates are chains in the $250 million to $500 million range, with good market penetration, solid management and up-to-date systems. Among the companies which fit that mold are Chatham Markets, Michigan; Farm Fresh Foods, Virginia; Weingarten, Inc., Texas; Fisher Foods, Ohio.

Though European buyers have picked up two of the biggest U.S. supermarket groups, they prefer midsize chains.

European Investor	U.S. Food Chain	Stores	Annual Sales
The Tengelmann Group (W. Germany)	A&P (N.J.)	1,551	$ 6 bil
Cavenham Ltd. (U.K.)	Grand Union (N.J.) and Colonial Stores (Ga.)	778	3 bil
Hugo Mann (W. Germany)	The FedMart Corp. (Calif.)	69	975 mil
British American Tobacco Co. Ltd. (U.K.)	Kohl Corp. (Wis.)	75	414 mil
Delhaize (Belgium)	Food Town Stores, Inc. (N.C.)	85	410 mil
Ahold N.V. (Holland)	Bi-Lo, Inc. (S.C.)	110	400 mil
Promodes (France)	Red Food Stores, Inc. (Tenn.)	34	206 mil
Albrecht GmbH (W. Germany)	Aldi-Benner Co. (Iowa)	50	30 mil
Docks de France (France)	Lil' Champ Food Stores (Fla.)	136	29 mil
Delhaize (Belgium)	Alterman Foods (Ga.)	99	7 mil

squeezed by rising costs and nontraditional food stores," says Kenneth R. Farrell, a USDA economist.

Indeed, the box stores can help spur price wars. For example, A&P's Plus stores average 5,000 to 12,000 square feet and stock only about 800 items, *vs.* about 20,000 square feet and 10,000 items in a typical supermarket. They have little fresh produce and frozen foods and no fresh meat. Items are displayed in the boxes in which they came. These A&P stores go for high volume, thin margins and low wages (FORBES, *Oct. 29, 1979*). "They sell canned goods and package goods on a very competitive basis. Jewel Cos., Inc. claims it can undersell a conventional supermarket by 25% to 30% on the same items," says analyst Ross. A&P claims 30% savings, too.

Another price-cutting device is "generic" products, those with plain white labels and black lettering and no brand name at all. Jewel, which spawned generics, found that only one item

Supermarkets

Yardsticks of Management Performance

	Profitability								Growth			
	Return on Equity				Return on Total Capital				Sales		Earnings Per Share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Major Chains												
Lucky Stores	25.1%	1	29.9%	0.9	17.0%	2	16.0%	1.9%	14.9%	3	12.3%	5
Winn-Dixie Stores	21.2	2	20.5	0.2	17.5	1	19.4	1.9	15.7	2	12.2	6
Supermarkets General	18.1	3	23.6	1.8	11.0	6	9.3	1.1	9.9	7	20.3	1
Safeway Stores	16.1	4	16.5	1.0	10.1	3	11.5	1.2	12.9	4	9.8	7
Southland Corp	15.9	5	18.0	1.3	9.4	4	10.3	1.9	16.0	1	16.0	2
Stop & Shop	14.2	6	13.7	1.5	7.5	7	8.1	0.9	10.0	6	15.1	3
Kroger	13.7	7	18.5	0.5	12.1	5	9.8	1.2	11.5	5	14.6	4
Jewel Companies	11.3	8	13.3	0.7	8.6	8	7.5	1.3	9.6	8	4.6	8
National Tea	def	9	12.5	1.0	8.1	10	def	0.8	–6.3	11	D–D	9
Great Atlantic & Pac Tea	def	10	def	0.9	def	9	def	def	2.7	9	D–D	9
Food Fair	def†	11	**	**	**	11	def†	**	**		**	
Allied Supermarkets	def	12	def	**	def	12	def	def	–3.1	10	D–D	9
Medians	**14.0**		**18.5**	**1.0**	**9.4**		**8.7**	**1.2**	**10.0**		**13.2**	
Regional Chains												
Niagara Frontier Service	36.4%	1	21.7%	1.0	11.8%	1	21.0%	1.9%	27.2%	2	30.0%	5
Dillon Companies	25.1	2	22.1	0.6	14.8	3	20.2	1.7	22.9	4	22.0	8
Albertson's	24.8	3	26.3	1.4	13.3	5	15.0	1.6	21.1	6	23.6	7
Bruno's	24.1	4	28.1	0.7	17.1	4	15.6	1.7	25.3	3	30.6	4
Weis Markets	20.7	5	20.7	0.0	20.7	2	20.7	4.8	13.6	15	15.8	14
National Convenience Stores	19.8	6	27.7	1.9	12.7	8	12.7	1.9	20.1	8	24.8	6
Circle K	19.3	7	29.5	1.2	15.9	7	13.2	2.9	20.5	7	15.2	16
Fred Meyer	17.3	8	16.4	0.7	10.3	9	11.5	2.1	17.4	10	18.0	11
Penn Traffic	16.4	9	16.5	0.4	12.0	6	13.7	1.8	17.7	9	17.9	12
Hannaford Bros	16.3	10	14.1	1.5	8.2	12	11.3	0.8	14.5	14	12.8	18
Giant Food	16.3	11	18.7	0.9	11.3	13	10.8	1.6	9.9	22	15.6	15
Marsh Supermarkets	15.6	12	12.4	1.4	7.4	14	10.4	0.7	11.5	19	18.6	9
[illegible] Corp	15.1	13	11.7	0.7	7.3	11	11.3	1.1	15.4	11	83.2	1
Godfrey	15.0	14	17.3	1.0	10.4	15	9.8	1.0	12.4	17	13.6	17
Waldbaum	14.9	15	14.4	0.9	9.5	10	11.3	0.8	14.9	13	18.4	10
Cullum Companies	14.3	16	22.2	1.2	12.1	18	8.5	1.2	21.7	5	16.5	13
Foodarama Supermarkets	11.6	17	8.3	0.2	7.1	16	9.8	0.5	4.1	26	D–P	
Ruddick	11.4	18	13.8	0.7	10.6	17	9.0	1.6	11.3	20	44.4	2
Fisher Foods	10.3	19	def	1.3	2.1	20	6.7	def	15.1	12	–2.8	20
Alterman Foods	9.2	20	13.6	0.6	9.9	19	7.3	1.0	13.0	16	3.6	19
Borman's	8.8	21	12.1	1.1	8.0	21	6.3	0.5	10.3	21	D–P	
Thriftimart	6.7	22	17.2	0.3	14.0	22	5.5	1.7	5.1	25	35.4	3
J Weingarten	5.0	23	5.2	1.2	4.9	23	4.9	0.3	9.6	23	–5.0	21
Munford	3.0	24	2.3	1.9	3.8	24	4.4	0.3	11.9	18	–19.8	24
Shopwell	2.5	25	5.6	1.1	4.0	25	2.5	0.3	8.1	24	–13.6	22
Pueblo International	def	26	13.4	1.3	9.3	27	def	1.3	–3.8	27	P–D	25
Arden Group	def	27	5.9	1.2	5.0	26	1.3	0.4	–5.7	28	D–D	26
First Nat'l Supermkts	**		10.2	2.3	6.3		**	0.3	43.2††	1	–15.9††	23
Medians	**16.0**		**14.3**	**1.1**	**10.1**		**10.4**	**1.3**	**14.1**		**18.3**	
Industry Medians	**14.9**		**14.4**	**1.0**	**9.9**		**9.8**	**1.3**	**12.9**		**18.1**	
All-Industry Medians	**15.1**		**16.7**	**0.4**	**11.8**		**11.0**	**5.3**	**13.1**		**13.1**	

Note: Explanation of Yardstick calculations on page 51. †Four-year average. ††Three-year growth. P-D Profit to Deficit. D-D Deficit to Deficit. D-P Deficit to Profit: not ranked. def Deficit. **Not available, not ranked.

among them—5-pound dry milk—didn't sell and that's been discontinued. Jewel currently has about 170 generic products on its shelves and will soon offer generic beer. But Walzer says the generic trend may be leveling off. "They've won a niche against high prices, but they don't seem to be expanding much. They've been on the market two years now, and people have had a chance to try them." Campbell, General Foods and other brand name makers claim that generic products aren't consistent in quality. Box stores could have their problems, too, because of their limited selection.

That may be why the chains continue to do what they've done for a decade—build bigger stores and add more high-margin nonfood items. "They offer everything from panty hose to contraceptives, including microwave ovens, lawn mowers and television sets," says Editor Jerry Whitman of trade paper *Non-Food Merchandising*. The most popular nonfood products are health and beauty aids—toothpaste, shampoo, deodorant—which account for over half the nonfood market.

"There's no particular direction in the industry," says Ted Wetterau, of Wetterau Inc., a leading food wholesaler distributing to Independent Grocers Alliance (IGA). "Everybody is trying different methods to fight for consumer dollars. That's why you see large supermarkets and generic products."

Even so, convenience stores are thriving despite their higher prices. "People like convenience, even in increased inflation," says John P. Thompson, chairman and CEO of Southland Corp., the largest operator of self-service convenience food stores, mainly the ubiquitous 7-Eleven Stores. "They appreciate our locations. In fact, the gasoline shortage may be helping us, too." About 18% of convenience store sales are cigarettes. All prices are higher, except milk and bread, which are fairly competitive with supermarkets. And, says Thompson, they are somewhat insulated from the recession. "That's one of our strong points. We're national. If we were on a regional or local basis we could be hurt more severely by a recession."

Meanwhile, the actual price of food at the farm is having less to do with the prices people pay. "We've reached the point where most supermarkets pay more for energy than rent," says *Progressive Grocer*'s Walzer. "With those two elements alone, to say nothing of insurance, replacement of equipment, labor and everything else, you have built-in cost factors so robust that in the absence of productivity gains to offset them, there's just no way that food prices can help from going up."

In a normal business, this kind of pressure that pushes up prices would mean higher profits, particularly since there is no competition from imports. But in retail food, the ultimate staple, the intense competition keeps merchants from cashing in—which, after all, is what competition is supposed to do. ■

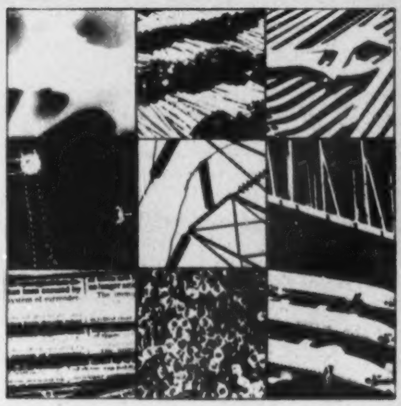
Wholesalers

Yardsticks of Management Performance

	Profitability								Growth			
	Return on Equity				Return on Total Capital				Sales		Earnings Per Share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Food Distributors												
Farm House Foods	31.3%	1	28.9%	3.1	9.0%	5	14.3%	0.8%	22.8%	2	35.5%	1
Super Valu Stores	26.6	2	27.4	0.7	17.9	2	17.6	1.3	15.8	11	24.2	2
Golden State Foods	21.4	3	20.4	0.3	15.4	4	14.7	0.9	28.7	1	23.3	3
Malone & Hyde	20.0	4	18.2	0.4	14.2	1	17.6	1.3	17.7	6	16.6	5
Nash Finch	18.0	5	18.7	0.4	14.4	3	15.2	1.4	16.8	9	15.0	8
Fleming Companies	17.5	6	16.2	0.8	10.8	7	13.1	0.6	17.0	8	12.2	10
Sysco	17.0	7	17.8	0.4	14.0	6	13.2	1.7	20.1	5	16.2	6
Wetterau	17.0	7	15.9	0.3	12.5	8	13.0	1.1	13.9	12	10.3	11
Super Food Services	15.6	9	13.1	0.6	13.3	11	10.8	0.4	16.5	10	18.4	4
Cal-Maine Foods	14.9	10	15.9	1.2	7.8	13	7.9	0.8	22.8	2	15.6	7
Flickinger	14.7	11	14.4	0.4	12.3	9	12.6	0.7	17.3	7	14.4	9
Pacific Gamble Robinson	13.4	12	13.3	0.5	9.5	10	11.4	1.0	10.9	15	8.3	12
CPS Continental	10.3	13	11.4	0.7	8.2	14	7.7	1.1	20.2	4	3.5	14
Coca-Cola Bottling NY	10.2	14	10.0	0.8	6.4	12	8.1	2.7	12.8	13	0.5	15
Di Giorgio	7.8	15	11.1	0.9	8.0	15	6.1	1.0	12.2	14	6.1	13
Scot Lad Foods	def	16	12.4	1.5	7.2	16	1.2	0.4	6.5	16	P-D	16
Intl Foodservice	def†	17	def	2.8	def	17	def	def	5.8	17	P-D	16
Medians	**15.6**		**15.9**	**0.7**	**10.8**		**12.6**	**1.0**	**16.8**		**14.4**	
Other Wholesalers												
Lowe's Companies	20.7%	1	17.2%	0.5	12.8%	1	15.7%	2.8%	18.6%	1	15.3%	4
Foremost-McKesson	17.2	2	21.0	0.7	11.8	4	9.3	2.0	8.1	6	10.1	5
Universal Leaf	16.8	3	17.9	0.0	16.7	2	15.6	2.5	9.7	5	17.3	2
Amer Hospital Supply	14.4	4	15.5	0.3	12.5	3	12.3	5.4	16.5	2	15.5	3
Univar	13.0	5	16.1	1.2	10.1	5	8.9	1.6	14.4	3	8.6	6
Bergen Brunswig	8.2	6	16.4	0.5	12.8	6	7.1	1.3	11.8	4	43.9	1
Medians	**15.6**		**16.8**	**0.5**	**12.7**		**10.8**	**2.3**	**13.1**		**15.4**	
Industry Medians	**15.6**		**16.1**	**0.6**	**12.3**		**12.3**	**1.1**	**16.5**		**15.0**	
All-Industry Medians	**15.1**		**16.7**	**0.4**	**11.8**		**11.0**	**5.3**	**13.1**		**13.1**	

Note: Explanation of Yardstick calculations on page 51.
†Four-year average. P-D Profit to Deficit. def Deficit.

Remember asset redeployment, that fad of the 1960s? It's back in style again with a new twist—the pursuit of productivity. How Wall Street loves that!



Multicompanies

THE COMING RECESSION will be the acid test for the multicompanies. If their earnings don't fall too badly as we move into the uncertain 1980s, the conglomerates and multi-industry companies will indeed have proven there is strength in diversity. Goodness knows they have talked about it often enough.

In the late-1960s recession conglomerates in particular flunked badly. Then their excuse was that they were still in the early stages of creation. In the mid-1970s recession they scored a passing grade—barely. An overabundance of costly debt marred their figures. And this time? There's a widespread belief, both among the companies and on Wall Street, that conglomerates as a group will fare exceedingly well.

Thanks to a tightening of head-office controls, most are in fine shape, both in their divisional structures and on their balance sheets. "We've learned our lesson," says Whittaker Corp. President Joseph F. Alibrandi, who in nine years has shed dozens of previous acquisitions to make his company lean. "We will never go as deeply into debt for acquisitions as we did in the Sixties; first we'll generate the funds internally."

As Byrom sees it

The slump in productivity—the measure of output per man-hour, judged to be the best gauge of national economic efficiency—has emerged as one of the U.S. economy's most vexing ailments. Top executives at multi-industry companies polled by FORBES overwhelmingly confirmed what has become obvious, that productivity is their major worry. In the last decade, U.S. productivity gains have slowed to half the average annual post-World War II rate of 3.2%; lately we've seen quarter-to-quarter declines. More worrisome still is how poorly the U.S. is doing in relation to other countries, now ranking last in productivity growth among the industrial powers.

To find out how the U.S. allowed itself to be overtaken and what some of the consequences might be, FORBES talked to one of industry's most thoughtful and articulate executives, Fletcher L. Byrom, chairman of Koppers Corp. and also chairman of the Committee for Economic Development. "I don't want to be guilty of placing the onus on the individual worker," says Byrom, whose company has been strong in profitability and growth for a decade. "The problem of productivity isn't a function of how a person works, but of what kinds of tools and equipment we give him to use. Our ratio of investment to GNP is one of the worst."

If so, then others must be doing something the U.S. isn't. What is it?

Most have better attitudes on cash-flow generation. Almost all have less regulation, especially of economic concentration. When a company is marginal, they think of how to get rid of it. We hold an umbrella over the inefficient.

How might greater economic concentration help?

It's probably uneconomical today, with pollution controls, to build a coke oven battery with less than 1 million tons of capacity. Yet no one needs that much increase in tonnage. So unless you allow several firms to join together to use the production, that plant won't get built. Our antitrust laws don't recognize this fact.

What happened to the U.S. compared with other countries?

We took our ability to create wealth for granted. The only way to measure whether profits are reasonable is to relate them to the amount of money invested to generate them. Let's say Koppers made $60 million one year, and $75 million the next. Now the headlines will say, "Koppers makes 25% more profits" and somebody is going to say, "Here I get a 10% raise and those bastards are getting 25%." Now the newspaper doesn't say that we put an extra $145 million in the business and we damn well better be making $15 million more or why did we invest that money?

How have you made Koppers so highly profitable in an era of government regulation?

When you're successful, you don't know what you're doing right. It's when you have failures that you understand what you did wrong. What's helped us is we've gotten *out* of a lot of businesses. The truth is a lot of companies in various industries should not be operating.

What else would benefit the U.S.? The Japanese appear to have succeeded in forcing their pace of industrial rationalization.

That's true. They won't allow an inefficient company to have more money, so it gets taken over. Also, they allow companies to get together and decide which plants to keep running to get 100% utilization of the efficient plants.

Is that a lesson we've got to learn?

It's contrary to our whole view of the way we should work, but puts Japan into a favorable, almost subsidized position vis-à-vis the rest of the industrialized world.

Sounds gloomy for the 1980s. Do you see any improvement?

I'm not saying everything is bad here and everything is perfect elsewhere. But let me say this: I think the crisis is deepening. I think we are rapidly liquidating our capital base. I just hope the closer we come to deep, deep crisis, the more likely we will be to respond constructively.

Never is a long time, and who knows for sure what the 1980s will bring? But certainly most of the companies listed here are in their best shape in years. Look at some figures: Martin Marietta (chemicals, aluminum, aerospace, etc.) has pared its debt in five years from 33% of total capital to only 13%; Rockwell International (car parts, aerospace, electronics), from 37% to 25%; Borg-Warner (transportation equipment, air conditioning, resins), from 31% to 14%. Indeed, some are looking more like banks than industrial enterprises: Raytheon has over $725 million in cash items, Litton Industries—yes, Litton—$724 million and General Electric, an incredible $2.4 billion, or eight times the amount of spare funds it had going into the 1970s. In uncertain times, it seems, it's better to be a lender than a borrower.

Wall Street has already made up its mind that these companies will pass through this recession with flying colors. "The men running the multicompanies," says Merrill Lynch analyst Carol Neves, "are really portfolio managers who redeploy their assets into those markets offering the highest returns and the best growth opportunities." When, 18 months ago, Neves offered free drinks to other analysts joining what she called The Diversified Companies Analysts Group, only six showed up. Now the group boasts 65 members, its regular luncheon meetings in New York's Fraunces Tavern are packed and there's a waiting list of multicompanies eager to tell the analysts their story.

Small wonder. The response to a well-told tale can be electrifying. Teledyne is the dream example. Since 1974 its stock has risen from 11 to 154. But few have done this well. With few if any conglomerates boasting P/Es above 6, Wall Streeters say there's plenty of upward momentum still remaining.

Meanwhile, declining productivity has become a focal point both for management looking to boost earnings from presently invested assets and for producers of capital goods looking to sell more. The big boosts in output per worker were gleaned after World War II largely by increasing invested capital per production employee. Average capital investment per industrial worker runs something like $28,000 these days, compared with only $5,000 for every office worker. That's why people like Raymond H. Herzog, chairman of 3M, see a huge market opportunity in what has been a major problem for industry.

"There's a popular misconception that to get productivity you must whip people," says Herzog. Rather, the trick is to get them to work smarter—giving workers better tools so they can speed up the workflow. "One of the greatest areas for introducing automation, lowering costs and raising productivity is in the office," explains Herzog, who has had 3M launch a passel of new office products that range from high-speed facsimile transceivers to low-cost, energy-efficient copiers.

"What productivity does," says Boston Consulting Group President Bruce D. Henderson, "is to leverage up a day's work so it will be worth more to everybody." (A far cry from the leverage James Ling and the other early conglomerators had in mind.) In fact, according to Henderson, a key trend in the 1980s will be this increased emphasis on productivity in companies rounding out their lines of business through acquisitions, mainly small ones. "This should be enormously beneficial to our whole society," insists Henderson, because these companies will get bigger and better in their specialization and thus be able to compete with the Japanese and other international giants. Without such a trend, warns Koppers Chairman Fletcher L. Byrom, "the U.S. will end the 1980s in dire trouble" *(see box, p. 106)*.

Wall Street has decided these firms will pass through this recession with flying colors. "The men running the multicompanies," asserts Merrill Lynch's Neves, "are really portfolio managers who redeploy their assets into markets offering the highest returns."

What's clear is that fine-tuning through cash management appeals equally today to conglomerates and multi-industry companies. The latter, as FORBES defines them, are older companies—Olin, for example, was incorporated in 1892—whose earlier acquisitions were businesses close to their main endeavor, but who have long since extended their interests into more remote and unrelated fields. From its base of building coke ovens, Koppers is now into 135 different businesses, including forest products, piston rings and railroad ties.

A conglomerate may be more or less diverse than a multi-industry company—Dayco, which qualifies as a conglomerate, still gets 40% of its profits by sticking pretty close to making V-belts and hose clamps. But most are generally newer, more decentralized and, typically, run by their founding father or his immediate heirs. Conglomerates also often retain highly complex financial structures, a throwback to the "Chinese paper" deals of the early 1960s. Avco is by no means alone in having outstanding four issues of convertible debt and preferred stock that threaten to dilute earnings.

However, the lines separating these groups are blurring. The conglomerates are showing their age, and their founders increasingly are turning the baton over to younger professional managers. Late in 1979 Harold Geneen announced he would bow out—again—at International Telephone & Telegraph. City Investing CEO George T. Scharffenberger is 60 and eager to devote more time to his hobby, beekeeping, while Avco's James R. Kerr, now 62, is exaggerating but serious when he tells visitors, "I'm an old man and I'm tired."

What type of manager will succeed them? Less flamboyant and more conservative men, if the latest changing of the guard at Textron is any indication. Shortly before he became Textron's new CEO this month, Robert P. Straetz told FORBES, "Don't expect any surprises from me. That's not my style." Straetz is the fourth chief executive at Textron since Royal Little, the father of conglomerates, stepped down in 1960. A dogged, persevering type, Straetz spent 28 years with Homelite, Textron's chain saw maker, before moving into the execu-

Multicompanies—Conglomerates

Yardsticks of Management Performance

	Profitability								Growth			
	Return on Equity				Return on Total Capital				Sales		Earnings Per Share	
Company	5-year average	5-year rank	latest 12 months	debt/equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Teledyne	36.4%	1	43.2%	0.3	31.7%	1	22.5%	13.9%	10.4%	26	57.5%	2
Avco	23.0	2	21.5	3.0	6.9	30	7.8	6.2	5.5	38	D-P	
Lear Siegler	21.9	3	28.0	0.6	16.4	9	12.8	4.8	10.4	24	27.0	5
Raytheon	21.2	4	25.2	0.1	23.3	2	18.9	5.2	13.7	12	22.8	9
Scott & Fetzer	20.8	5	21.7	0.3	17.2	3	16.6	4.9	14.8	9	10.7	22
Northwest Industries	20.7	6	21.1	0.6	12.3	8	12.9	6.6	17.1	5	23.6	8
American Standard	20.5	7	26.5	0.4	18.4	6	14.1	5.3	4.5	40	D-P	
Gulf & Western Inds	20.3	8	19.2	1.1	9.3	21	9.3	4.3	16.2	6	22.3	11
Alco Standard	19.6	9	20.5	0.4	14.6	4	14.6	2.6	13.9	10	19.5	14
TRW	19.5	10	21.3	0.4	13.6	10	12.8	4.4	12.4	18	13.3	19
White Consolidated	19.0	11	17.4	0.8	10.2	13	10.6	3.1	13.4	13	20.8	12
Ogden	18.6	12	17.8	1.0	8.9	24	9.0	2.6	6.3	36	19.7	13
United Technologies	18.3	13	17.9	0.4	12.4	11	12.6	3.8	19.0	2	27.1	4
Dayco	17.5	14	19.7	1.3	9.7	29	8.1	3.0	9.6	28	14.1	18
Chromalloy American	17.4	15	21.1	0.9	10.4	20	9.3	3.6	15.4	8	9.5	25
Tenneco	17.0	16	16.5	0.8	8.8	22	9.2	5.2	17.1	4	10.3	24
National Service Inds	16.6	17	21.2	0.1	18.3	5	14.1	5.6	7.3	33	6.8	30
Bangor Punta	16.5	18	21.5	0.8	11.9	17	9.6	3.8	11.6	21	D-P	
Transamerica	16.3	19	19.7	0.8	12.1	14	10.2	5.9	10.9	22	24.2	7
Textron	16.2	20	16.8	0.3	13.8	7	12.9	5.0	10.4	24	9.5	26
Dart Industries	15.9	21	18.9	0.3	13.2	12	11.3	7.2	12.9	15	17.4	15
Rockwell Intl	14.0	22	20.3	0.3	14.8	15	10.0	4.2	13.8	11	7.5	29
Walter Kidde	13.9	23	16.4	0.6	9.6	23	9.1	3.7	12.4	17	24.4	6
W R Grace	13.5	24	13.3	0.5	9.7	18	9.5	3.9	10.2	27	12.3	20
City Investing	13.3	25	21.7	1.2	9.2	33	7.4	2.7	12.7	16	10.8	21
Signal Companies	13.1	26	20.2	0.5	13.7	19	9.4	4.9	15.9	7	22.7	10
AMF	12.8	27	13.4	0.5	9.6	25	8.9	3.7	7.2	34	–1.8	35
A-T-O	12.4	28	14.0	1.0	7.3	32	7.4	2.5	7.4	32	15.3	17
Sybron	12.2	29	10.1	0.5	7.9	16	9.6	3.3	9.3	29	7.5	28
Whittaker	12.2	30	22.4	0.8	14.3	26	8.4	4.2	3.5	41	74.8	1
SCM	11.3	31	12.8	0.6	9.4	27	8.2	2.9	8.7	31	31.6	3
Brunswick	10.6	32	11.3	0.5	8.0	28	8.2	3.9	10.7	23	2.4	31
Amfac	10.4	33	16.5	0.9	10.0	35	7.0	3.6	12.4	18	0.8	34
Intl Tel & Tel	10.1	34	7.3	0.5	6.0	31	7.8	2.4	9.3	29	1.9	32
Fuqua Industries	9.9	35	25.7	1.2	14.3	34	7.2	2.8	20.0	1	1.1	33
IC Industries	8.6	36	10.2	0.9	5.5	37	5.7	2.8	17.7	3	10.4	23
Zapata	8.4	37	9.0	1.9	5.5	39	5.1	4.1	13.4	14	8.4	27
U S Industries	7.0	38	10.4	0.2	8.6	36	6.4	4.0	–2.0	43	–8.3	36
LTV	6.1	39	27.8	2.9	6.9	41	3.9	1.5	6.2	37	D-P	
IU International	6.1	40	1.1	0.9	4.0	38	5.4	0.4	11.8	20	–9.3	37
Litton Industries	5.2	41	26.6	0.4	14.8	40	4.2	4.6	6.9	35	16.8	16
Allied Products	1.9	42	7.5	1.2	5.5	42	3.2	1.2	4.9	39	–22.2	38
Singer	def	43	def	0.7	def	44	def	def	–0.1	42	P-D	39
National Kinney	def	44	def	4.0	1.1	43	def	def	–3.6	44	P-D	39
Industry Medians	**14.0**		**19.1**	**0.7**	**9.0**		**9.2**	**3.8**	**10.8**		**11.8**	
All-Industry Medians	**15.1**		**18.7**	**0.4**	**11.8**		**11.0**	**5.3**	**13.1**		**13.1**	

Note: Explanation of Yardstick calculations on page 51.
P-D Profit to Deficit. D-P Deficit to Profit; not ranked. def Deficit.

tive suite. So don't look to Textron for any more big moves for the likes of Lockheed or Allied Chemical.

Teddy Kennedy may be surprised, but the era of large-scale mergers and acquisitions may already have slowed down. "For a while it looked as if there was a lot of action in mergers and acquisitions last year, particularly with the Belridge oil deal," recalls Willard T. Grimm, whose W.T. Grimm & Co. tracks these transactions. But as he added up the year's final tally, Grimm said 1979 would show the smallest number of takeovers in a decade. He predicts another upturn isn't likely until well into the 1980s. High money costs plus rumblings from Kennedy and the Justice Department are having a sobering effect. What big deals do occur, Grimm says, will likely involve the oil and other cash-rich, single-line companies adopting the safety-in-diversity strategy. The multicompanies likely will stick to what Grimm calls "selective consolidations." That is, they will round out existing operations by making fairly low-priced acquisitions rather than entering new areas. Explains Transamerica Chairman John R. Beckett, "When it's hard to see what the future holds, you protect your stockholders by diversifying into different but related businesses." For Transamerica that means more service businesses.

So Transamerica has added Interway Corp., the largest lessor of intermodal transportation equipment, to go alongside its movie and insurance businesses. American Standard recently added another small printing company, while Alco Standard has gotten deeper into selling drugs, paper and metals.

Probably no one is shuffling his pack of corporate subsidiaries harder these days than Chairman J. Peter Grace of W.R. Grace. After buying Daylin last spring to get deeper into pharmacies and do-it-yourself home centers, Grace is planning to break his corporation into five to seven separate but publicly held entities, on the theory that the sum of the parts may be worth more than the whole. For Grace, whose stock has traveled sideways for the past ten years, it may be the answer.

Will the multicompanies live up to Wall Street's expectations or will the pursuit of productivity turn out to be another corporate intellectual fad—to be in the 1980s what synergism was in the 1960s? Our bet is that a new era is opening up for the multicompanies and that indeed there will be safety in diversity. Textron's new boss, Bob Straetz, puts it as well as anyone when he says, "Many times we probably do manage this company too conservatively. But in uncertain times like these, maybe there's strength in that." The meaning: Don't look for the established conglomerates to be the swinging companies of the 1980s. ■

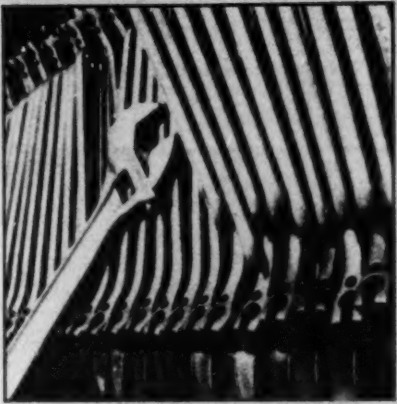
Multicompanies—Multi-Industry

Yardsticks of Management Performance

	Profitability								Growth			
	Return on Equity				Return on Total Capital				Sales		Earnings Per Share	
Company	5-year average	5-year rank	latest 12 months	debt/equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Vulcan Materials	20.8%	1	21.5%	0.3	14.9%	3	14.4%	7.8%	12.2%	6	18.6%	6
Minnesota Mining & Mfg	20.7	2	24.5	0.1	20.9	1	17.7	12.1	13.1	4	11.6	15
General Electric	19.4	3	21.2	0.2	18.5	2	16.9	6.4	10.5	9	11.2	16
Koppers	17.6	4	17.5	0.4	12.2	4	12.7	5.1	15.6	2	20.2	5
American Brands	15.8	5	22.7	0.4	16.7	6	11.3	5.6	9.3	14	8.7	21
Martin Marietta	15.4	6	20.8	0.2	16.1	7	11.2	8.9	7.0	19	13.1	11
Bendix	14.8	7	17.5	0.4	13.9	5	11.9	4.2	11.5	7	16.2	7
Sperry	14.2	8	15.1	0.3	10.9	10	10.3	5.6	10.3	10	14.8	8
Union Carbide	14.0	9	15.2	0.4	10.7	12	10.2	6.2	14.0	3	9.1	19
FMC	13.9	10	14.8	0.4	10.7	13	9.9	4.6	10.1	11	14.7	9
National Distillers	13.1	11	14.0	0.4	10.8	11	10.2	6.3	6.9	20	13.6	10
General Tire & Rubber	12.6	12	10.1	0.3	8.2	15	9.4	4.2	11.0	8	10.0	18
Borg-Warner	12.5	13	15.6	0.2	13.5	8	11.0	5.8	8.9	17	13.0	13
PPG Industries	12.5	14	14.1	0.4	10.7	16	9.4	5.4	12.3	5	12.2	14
Allis-Chalmers	12.2	15	13.0	0.4	9.3	18	9.2	4.2	9.9	12	35.1	3
Esmark	12.1	16	12.2	0.6	7.5	20	8.8	1.4	9.1	16	9.0	20
Westinghouse Electric	11.9	17	12.9	0.2	11.2	14	9.6	4.4	4.5	23	13.1	12
Olin Corp	11.7	18	10.2	0.4	7.8	19	9.1	4.0	9.8	13	85.7	1
NL Industries	11.2	19	14.1	0.5	9.2	22	8.6	4.9	7.1	18	5.2	22
Allegheny Corp	10.8	20	16.6	0.2	16.3	9	10.4	6.9	34.5	1	10.8	17
Sperry & Hutchinson	10.1	21	12.1	0.2	10.8	17	9.3	3.9	4.0	24	–1.7	23
Dillingham	9.0	22	16.7	0.7	10.0	23	5.9	3.5	9.2	15	23.4	4
Curtiss-Wright	8.7	23	9.2	0.2	7.7	21	8.7	5.5	5.0	22	35.7	2
GAF	4.0	24	10.0	0.5	6.8	24	3.8	2.7	6.2	21	–10.9	24
Industry Medians	**12.6**		**15.0**	**0.4**	**10.8**		**10.1**	**5.3**	**9.9**		**13.1**	
All-Industry Medians	**15.1**		**16.7**	**0.4**	**11.8**		**11.0**	**5.3**	**13.1**		**13.1**	

Note: Explanation of Yardstick calculations on page 51.

At least one segment of this industry will buck the recession—thanks largely to Detroit's troubles.



Industrial equipment

Going into the inflated Eighties, the big clamor from the nation's corporate purchasing departments is for machine tools—the basic industrial equipment that cuts and shapes almost every conceivable metal part.

The days when most machine tool orders could be filled in a year or less are over. With a record $4.9 billion order backlog—exceeding industry capacity by 20%—deliveries on some machine tools are being delayed 18 months or more. "Machine tool builders are caught in the biggest upsurge of orders they've ever had and they haven't anticipated it," laments Allis-Chalmers' ($1.7 billion sales) Manager of Process Engineering George Ventura, a 32-year veteran of the industry.

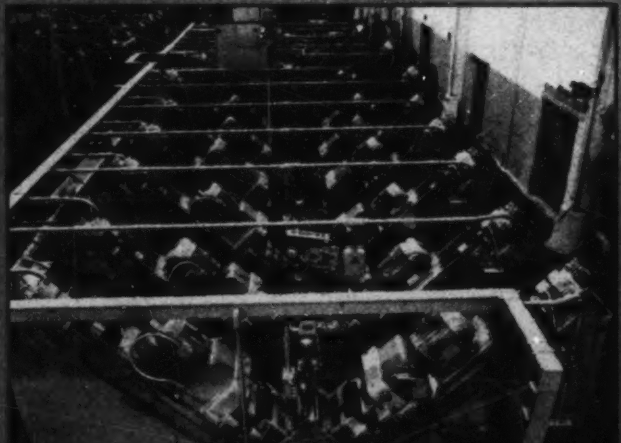
Ventura should know. He's been scrambling to get them. In June he set up a "machine tool hot line" comprised of machine tool builders he knows throughout the U.S. When a customer cancels a delivery, Ventura is one of the first to know. He figures he's saved up to 18 months on some deliveries.

Nearly 40% of the demand for machine tools in the early Eighties will come from the automotive and aerospace industries, most of it to meet governmental fuel efficiency and environmental standards. Recession or not, these two industries are committed to invest huge amounts of capital.

General Motors, for example, will spend more than $38 billion on downsizing and retooling through 1985. Several billion of that will go for machine tools, according to Frank Daley, GM's director of manufacturing development. Daley questions the ability of U.S. machine tool makers to supply manufacturers' needs in the Eighties. "There's some doubt as to whether there are enough facilities in the world to haul off and retool and reequip everything in sight," he says. "The load on the machine tool industry could be something that gets to be a pretty critical factor."

All this, of course, makes happy problems for machine tool builders such as Cincinnati Milacron Inc., Warner & Swasey Co. and Ex-Cell-O, who are starting to expand their aging facilities. "Over the past five years, machine tool builders have rationalized their product lines and cleaned up their internal operations," says Paine Webber Mitchell Hutchins analyst Eli

Passing the work from hand to hand



The demand for transfer lines—a series of complex machine tools connected end to end that automatically transfer work from one machining operation to another—is now expected to exceed the available supply well into the Eighties. For example, Michigan-headquartered Cross Co., a subsidiary of Cross & Trecker Corp., a leading U.S. producer of transfer lines that make items like auto engines, has an order backlog of some $300 million, with some deliveries more than two years out.

For this the transfer line manufacturers can thank the auto industry. Never mind that automobile sales are down, with the Detroit automakers offering big customer discounts in an effort to work down their swollen inventories. Recession or no, government mandates for fuel economy as well as environmental constraints are forcing auto producers into massive retooling in both their domestic and overseas facilities. Thus General Motors is aggressively downsizing its big cars into X- and J-bodies, for which customers are willing to pay extra dollars and wait long months for delivery. It is not a question of whether GM's competitors want to spend the hundreds of millions of dollars that retooling costs these days: Without it they would have no product and no future.

Much the same phenomenon can be seen across the machine tool industry. If good machinists are scarce and unwilling or unable to work faster, the obvious solution is faster and more efficient machines. Hence the brisk sales for advanced machine tools, especially numerically (computer) controlled machining centers. Says a pleased Cross & Trecker spokesman: "We're not selling for 1980 any more. We're selling for 1981, '82, and beyond."

Industrial Equipment

Yardsticks of Management Performance

	Profitability								Growth			
	Return on Equity				Return on Total Capital				Sales		Earnings Per Share	
Company	5-year average	5-year rank	latest 12 months	debt/equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Production Equipment												
Cooper Industries	25.0%	1	25.9%	0.1	26.4%	2	19.3%	8.2%	21.6%	1	27.3%	5
Briggs & Stratton	22.0	2	25.1	0.0	24.5	1	21.7	7.8	12.4	9	9.3	15
CBI Industries	20.3	3	17.6	0.0	14.5	3	16.6	9.7	8.6	16	13.7	11
Johnson Controls	19.7	4	17.0	0.4	12.3	4	16.3	4.9	18.3	2	22.0	7
Sundstrand	19.1	5	22.8	0.5	14.6	11	11.4	7.5	14.5	6	28.1	4
Harsco	18.5	6	17.6	0.3	14.8	5	15.2	5.8	13.8	8	17.6	9
Parker-Hannifin	17.7	7	19.0	0.4	14.6	7	13.0	5.8	16.1	4	13.6	13
Eagle-Picher Inds	17.4	8	16.9	0.3	13.6	6	13.3	5.2	10.9	12	13.7	12
Wallace-Murray	16.6	9	21.5	0.6	15.0	8	12.1	6.0	10.8	14	21.4	8
Midland-Ross	15.1	10	18.4	0.3	13.9	12	11.3	5.5	11.2	11	23.8	6
Ingersoll-Rand	14.9	11	14.9	0.4	11.0	10	11.6	5.8	16.6	3	7.0	16
Norton	14.0	12	20.4	0.2	16.6	9	11.8	7.3	14.1	7	15.0	10
Cincinnati Milacron	14.0	13	24.9	0.5	16.5	14	9.7	7.0	11.5	10	31.0	2
H K Porter	13.1	14	16.8	0.6	11.8	13	10.2	3.4	10.6	15	42.5	1
Warner & Swasey	9.8	15	17.7	0.2	13.8	16	7.8	9.0	8.3	17	13.4	14
Chicago Pneumatic Tool	9.3	16	14.4	0.2	12.4	15	9.2	5.6	10.8	13	–0.1	17
Cross & Trecker	**		24.6	0.1	22.6		**	8.7	14.8‡‡	5	30.5‡‡	3
Medians	**17.0**		**18.4**	**0.3**	**14.8**		**13.0**	**6.0**	**12.4**		**17.8**	
Specialty Equipment & Materials												
Tyler	23.3%	1	21.7%	0.6	15.0%	7	15.6%	4.9%	16.0%	10	24.3%	7
Ametek	21.6	2	21.9	0.3	16.4	3	17.0	5.9	11.5	24	20.9	9
Foster Wheeler	21.3	3	25.5	0.3	20.6	2	17.4	2.9	18.0	8	25.6	5
Big Three Industries	18.9	4	17.1	0.3	13.1	9	14.9	12.5	27.5	2	26.1	4
VSI	18.5	5	26.9	0.3	22.4	8	15.4	6.9	14.7	14	16.5	16
Rexnord	18.4	6	17.1	0.3	13.5	11	14.2	5.6	14.1	15	19.7	10
Emhart	18.1	7	17.3	0.1	15.6	4	17.0	4.5	32.6	1	17.9	12
Waste Management	18.0	8	20.9	0.4	14.1	23	10.9	9.6	25.0	3	25.4	6
Tecumseh Products	17.7	9	21.5	0.0	21.5	1	17.7	6.5	6.9	30	10.5	23
Stanadyne	17.4	10	20.3	0.2	16.6	6	15.7	5.1	11.7	23	12.1	19
Illinois Tool Works	17.1	11	21.2	0.0	20.6	5	16.7	11.0	12.5	17	11.5	21
Combustion Engineering	16.6	12	18.6	0.2	11.2	20	11.7	3.5	12.3	20	13.8	18
Wheelabrator-Frye	16.4	13	17.5	0.3	11.9	15	12.7	4.6	21.6	6	37.7	1
Zurn Industries	15.7	14	17.8	0.4	12.8	24	10.8	4.6	7.4	28	21.3	8
Foxboro	15.7	15	15.4	0.1	14.0	16	14.3	8.1	16.6	9	29.4	2
Harris Corp	15.7	16	20.8	0.3	16.9	17	12.6	6.5	11.4	25	17.6	13
Dennison Manufacturing	15.3	17	17.6	0.2	14.3	16	12.7	5.7	13.2	16	13.8	17
General Signal	15.2	18	16.1	0.2	14.1	14	13.4	6.1	22.0	5	16.5	15
Signode	14.9	19	17.2	0.1	14.1	18	12.4	6.4	12.3	19	9.9	25
Hobart	14.4	20	14.7	0.3	12.0	22	11.2	4.6	11.8	22	6.8	27
Stewart-Warner	14.3	21	15.3	0.0	15.1	12	14.1	6.4	7.6	27	10.1	24
Timken	14.2	22	16.1	0.0	15.1	13	13.5	8.2	15.0	12	11.5	20
Peabody International	14.0	23	15.8	0.4	13.9	21	11.4	4.4	24.0	4	17.2	14
Ex-Cell-O	13.3	24	16.6	0.2	14.2	19	12.2	5.7	12.4	18	18.0	11
Fisher Scientific	13.1	25	14.3	0.6	9.9	25	10.1	3.4	15.0	12	26.6	3
Amerace	12.6	26	14.7	0.5	8.7	28	7.9	3.6	7.2	29	3.0	29
Avery International	11.6	27	16.1	0.6	11.4	27	8.9	4.1	16.0	11	7.7	26
Browning-Ferris Inds	11.5	28	15.8	0.5	10.1	29	7.4	6.3	10.6	26	4.7	28
Envirotech	10.0	29	4.2	0.2	4.2	26	9.0	1.0	19.5	7	11.4	22
General Refractories	1.1	30	7.0	0.8	5.8	30	2.7	1.4	12.1	21	–22.0	30
Medians	**15.7**		**17.2**	**0.3**	**14.1**		**12.7**	**5.7**	**13.7**		**16.6**	
Construction & Materials Handling												
Caterpillar Tractor	23.5%	1	22.6%	0.4	17.3%	1	17.2%	7.6%	17.2%	2	20.2%	2
Hyster	20.1	2	27.9	0.2	23.1	2	15.9	9.8	13.8	3	25.2	1
Clark Equipment	15.7	3	19.7	0.3	15.1	3	11.6	6.2	8.4	5	10.8	6
American Hoist & Derrick	15.0	4	14.3	0.6	9.6	4	9.8	4.1	12.2	4	19.6	3
Harnischfeger	12.5	5	def	0.7	2.8	5	9.0	def	19.9	1	13.9	4
Koehring	8.7	6	12.1	0.6	8.1	6	6.4	3.0	5.1	6	12.5	5
Medians	**15.4**		**17.0**	**0.5**	**13.4**		**10.7**	**5.2**	**13.0**		**18.8**	

Yardsticks of Management Performance

	Profitability								Growth			
	Return on Equity				Return on Total Capital				Sales		Earnings Per Share	
Company	5-year average	5-year rank	latest 12 months	debt/equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Mining & Drilling Equipment												
Baker International	25.3%	1	24.0%	0.6	16.2%	2	17.6%	8.9%	36.4%	1	32.3%	4
Smith International	23.8	2	18.5	0.2	16.4	1	16.9	10.4	26.5	3	35.5	2
Cameron Iron Works	23.7	3	20.5	0.3	14.5	6	14.7	11.1	22.8	4	32.6	3
Dresser Industries	21.4	4	18.3	0.4	14.3	3	16.0	6.6	21.3	5	24.4	6
Marathon Manufacturing	20.9	5	25.4	0.2	20.1	7	13.9	7.5	11.8	8	65.9	1
Bucyrus-Erie	19.3	6	18.6	0.3	14.8	5	15.1	11.0	20.9	6	22.4	7
Hughes Tool	17.6	7	19.5	0.2	15.0	4	15.7	10.6	24.1	2	28.5	5
Joy Manufacturing	16.2	8	13.6	0.2	11.8	8	12.9	6.4	15.7	7	20.3	8
Medians	**21.2**		**19.1**	**0.3**	**14.9**		**15.4**	**9.6**	**21.1**		**30.4**	
Rail Equipment												
Amsted Industries	21.0%	1	24.1%	0.0	13.5%	1	20.5%	7.4%	12.8%	4	29.0%	1
Trans Union	14.9	2	15.9	1.2	6.7	4	6.2	5.9	19.5	2	7.0	4
ACF Industries	13.7	3	15.2	0.7	7.6	3	7.5	5.0	12.2	3	11.3	3
Pullman	12.9	4	14.3	0.4	11.9	2	10.9	1.9	20.8	1	13.5	2
GATX	9.6	5	15.7	0.9	6.9	5	5.1	8.9	9.5	5	-2.4	5
Medians	**13.7**		**15.7**	**0.7**	**7.6**		**7.5**	**5.9**	**12.8**		**11.3**	
Industry Medians	**16.3**		**17.6**	**0.3**	**14.3**		**13.7**	**9.1**	**14.0**		**17.8**	
All-Industry Medians	**15.1**		**16.7**	**0.4**	**11.6**		**11.0**	**5.2**	**13.1**		**13.1**	

Note: Explanation of Yardstick calculations on page 51.
††Three-year growth. def Deficit. **Not available; not ranked.

Lustgarten. Cincinnati Milacron, the nation's largest maker of machine tools, is a good example. In 1980-81, the company will invest $49 million to expand its domestic machine tool operation, more than triple what it spent in 1976-77.

"There is great cause for optimism here in light of today's investment climate for machine tools," says Cincinnati Milacron Group Vice President Clifford Meyer, who predicts 1979 tool sales to be "at least 20%" over 1978's $634 million.

Machine tools are not alone. Long delivery lags will be characteristic of other key segments of the equipment industry as well. In an effort to cut costs, Ingersoll-Rand, for instance, has reduced its backlog of portable compressors, rock drills and other types of construction and mining equipment from four months' to two months' worth of inventory. Explains Ingersoll-Rand Chairman William L. Wearly: "Construction and mining equipment manufacturers like us and Caterpillar and International Harvester are going into 1980 with less inventory on our hands. It means customers are going to have to do more long-range planning to meet heavy equipment needs." Meaning: With money at 16%, don't count on us to keep our shelves filled for your convenience.

This is not to say there will be no slowdown in industrial equipment. There will be. You can't ignore that 16% money. Inventories of industrial lift trucks, a $1.6 billion business generally viewed as a reliable indicator of materials handling activity at factories and warehouses, reflect anticipated declines in 1980 in new construction and automotive sales. According to figures compiled by the Industrial Truck Association, lift truck shipments exceed incoming orders by 5% to 10%, indicating a slowdown in the year ahead for the $6 billion materials handling industry.

"Most likely, incoming orders for materials handling equipment throughout the industry will be off by about 10% to 15% in 1980, compared to 1979," says George Markell Jr., vice president and general manager of Clark Equipment Co.'s $700 million industrial truck division, the largest in the world. Clark's 100-day backlog represents just over $200 million worth of lift trucks. Markell says lead times on orders are running "a little longer" than the normal 90 days.

Commerce Department analyst John Lien thinks inflation and competitive pricing will eat materials handling manufacturers' 1979 profits. "As far as real growth goes, you're talking zilch," he says.

It's a mixed picture. No slowdown in machine tools but trouble ahead in materials handling. Plenty of real growth is expected in the $12 billion oil and gas drilling and exploration equipment industry, though. "Environmental and safety barriers are signaling an uncertain future for energy from coal and nuclear power, leaving oil and gas to carry the load through the early Eighties," according to the Commerce Department's Edward McDonald.

Outfits like Hughes Tool Co. look forward to sustained growth in rotary rig and seismic crew activities, which are approaching their highest levels in nearly 22 years. "The name of the game right now is to find new production," says William A. Kistler Jr., Hughes' executive vice president.

New exploration as well as secondary recovery projects have stimulated technological improvements in drill bits and abrasive chemicals manufactured by such equipment makers as Hughes and the Norton Co.

One dark cloud for oil and gas equipment manufacturers appears to be the one coming from Washington. Hughes Tool's Kistler believes the effect on capital spending of the so-called windfall profits tax "would definitely be counterproductive," especially for smaller independents, who account for 85% of the drilling activity in the U.S.

He adds: "Everything is very, very favorable for a good future in the oil and gas drilling and production industry. But it can all come out of the tree if they do something stupid in Washington." They usually do.

In contrast with oil-drilling equipment makers, mining equipment makers are far less ebullient about prospects for 1980. Robert Cizik, president of $1.4 billion Cooper Industries, is downright pessimistic: "What's the outlook for construction mining in 1980? Bad." He ought to know.

In April 1979 Cooper, whose primary business is energy services, acquired Gardner-Denver Co., a leading manufacturer of drilling equipment for the mining, construction and petroleum industries. In 1978 Gardner-Denver's rock drilling equipment, rotary rock drill and portable air compressor sales earned $51.4 million on revenues of $658 million. Though Cooper's been aggressively cutting costs in its mining division, Cizik expects downturns in the marketplace for such equipment. "We don't see any upturn in 1980 and the best we can expect is a plateau with 1979," he says.

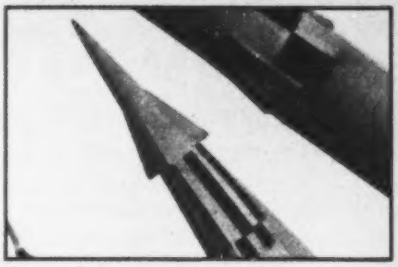
"There's some doubt whether there are enough facilities in the world to haul off and retool and reequip everything in sight"—Frank Daley, GE manufacturing development.

Fortunately, Cooper has less vulnerable divisions to carry it through the early Eighties. Sales of gas compressors to transport oil and gas through pipelines are expected to remain strong, and Cizik expects Cooper to maintain its strength in its aircraft services division, which overhauls and repairs engines for commercial and private aircraft. Cizik expects Cooper's 1979 earnings growth rate of 20% to repeat itself in 1980. But, like most other top executives, Cizik cautions, "If we're thrown into a deep recession, everything is up for grabs."

The length and severity of the "maybe" recession will have limited impact on the railroad industry. By August 1979 a bulging backlog of orders totaling 123,217 cars had stretched delivery dates out into 1981. Grain, coal and other bulk commodities will be important sources of revenues in 1980. More freight to haul and increased coal production to cope with the energy shortage lead some analysts to predict the industry will reach another peak by 1982-84.

Add it all up and what do you have? A situation where most of the answers will come from Washington. What will the Fed do? Congress? Will the nation's need for energy win out over the powerful environmental lobbies? Can the U.S. get its act together? If it can, the future is bright for industrial equipment. God knows the need is there. ■

Cleaning up the backlog will make 1980 a fat one for the industry. The long-term question is the ability of the airlines to finance their replacement planes.



Aerospace and defense

IF 1979 WAS THE YEAR that the U.S. aerospace industry filled up its order books, then 1980 will be the year when it rolls up its sleeves and tries to deliver on all its promises. And the promises have been, in a word, monumental. Although some firms in the industry still have excess capacity, they won't for long. Almost across the board, major U.S. commercial, general aviation and military companies will be reporting record sales and earnings for 1979. What's more, whatever problems the airlines have, the plane builders had such a backlog of orders in 1979 that 1980 is in the bag.

The onslaught of order-taking has been led by the commercial aircraft manufacturers like Boeing, Lockheed and McDonnell Douglas. Boeing's backlog of over 500 aircraft, including its new 757 and 767, grew from $7.6 billion at the end of 1978 to over $16 billion a year later. Likewise Lockheed's backlog for its L-1011s has burgeoned to 59 aircraft, a 168% increase from its 22-plane backlog only two years ago.

McDonnell Douglas saw 26 new firm orders last year, bringing the total backlog to 173. Boeing Commercial Airplane Co. President E.H. (Tex) Boullioun sees the 1979 order-taking as a continuation of an aircraft market bonanza that will run straight through the 1980s and 1990s. "Our conservative plan is that over the next 6 or 7 years we'll produce at least the number of seats we produced in the last 20 years," he says, "which means that we ought to produce about 4,000 airplanes in the next 20 years. And if you assume the industry is going to grow, we could produce considerably more than that."

That optimism goes beyond the major commercial aircraft manufacturers. Companies like Beech and Gates Learjet that build business and commuter planes have similarly rosy prospects. C.W. Dieker, vice president-treasurer for Beech Aircraft, says that fiscal 1979 was a record year for sales and earnings. "That was our seventh straight record year and we're looking for a 15% to 17% increase in sales for 1980." If Dieker is right, Beech will have between $680 and $700 million in sales for 1980 and its eighth straight record year.

While the military and defense manufacturers aren't doing the booming weapons business they did during the Vietnam War, they aren't exactly crying either. Says John W. Dixon, chairman and president of electronic warfare systems purveyor E-Systems of Dallas, "It looks as though business in 1980 will be up as much as it was last year, which means another 13% increase." Sanford N. McDonnell, president and CEO of McDonnell Douglas Corp., looks for similar growth for 1980. And McDonnell's St. Louis neighbor, J.M. Beggs, an executive vice president at General Dynamics Corp., says that it was not a question of whether Congress was going to raise the defense budget for 1980 but of just how much. Defense business is so good that even shipyards are going to do well in 1980. Todd Shipyards, for instance, which posted a deficit as recently as 1977, is back in the black, and looks to stay there in 1980.

But the big problem facing the booming aerospace companies is whether they'll have the materials and the manpower to deliver the goods. James Lyons, corporate director of strategic

Wild blue yonder

Two or three times every month, Charlie Bock, a slender, balding, 54-year-old former B-52 pilot, gets into a Rockwell Aerocommander and is flown 60 miles from his home in Los Angeles to Edwards Air Force Base, just north of Palmdale, Calif. Bock knows his way around places like Edwards. He flew for the Air Force in World War II and in Korea. And when there weren't any more wars, he became an Air Force test pilot.

Bock retired as a colonel in 1973, but he's still flying. As chief test pilot for the North American Division of Rockwell International he gets to fly what may well be the hottest plane in the air, the B-1 bomber. The Carter Administration killed the $4 billion B-1 development program in 1977, but the plane isn't dead. Two prototypes are still in the air with Charlie at the controls. His sorties usually take him out along a flight test range that extends into Utah with a left turn at Provo.

Who pays for Charlie's flights? The U.S. government, with $50 million that Congress approved just to keep the plane off the scrap heap. With America's only other long-range bomber, the B-52, nearly 25 years old, even Congress realizes that sooner or later the B-1 technology—if not the plane itself—will be important to the U.S. nuclear strike force.

North American Rockwell hasn't given up on the B-1 either, even though it has sold off 1 million square feet of B-1 workspace to Northrop and returned the property of its original North American Aviation HQ—where it built the P-51 and the B-25—back to the City of Los Angeles. George Jeffs, president of Rockwell's Aerospace operations, now looks at the B-1 as a "core airplane." "The basics of the B-1 could be used in designing a new tanker or a 'penetrating' aircraft," he says. "A lot depends on what threats the government sees."

When the B-1 was canceled, Rockwell and its suppliers lost $15 billion in potential revenue. But even if that program is never revived, the time may not have been wasted. The technology Rockwell learned could put it near the head of the line for the next new military aircraft, even though that plane will almost certainly be a fighter, not a bomber.

planning for United Technologies Corp. in Hartford, Conn. says aircraft engine sales are so good that its Pratt & Whitney group has to scramble to beat strategic material and supplier shortages. "The year 1980 will be a good year but a tough one. It will prove we can manage in tough times."

The problem is that suppliers of critical items like bearings, castings and forgings still remember the recession of 1974-75 and are loath to increase capacity and risk being "caught out" this time. While the shortage of titanium has received a lot of press, manufacturers are more concerned about less glamorous commodities like skin-quality aluminum sheet that are in even tighter supply. Lead times on many of these items, which ran 12 to 20 months in the best of times, now have jumped up to 24 to 36 months or more.

Confronted with that sort of supply picture, Lyons predicts a continued high rate of materials cost inflation in 1980. The only thing about the 1980 materials supply picture he's certain of is its uncertainty. With no opportunity to stockpile materials, the aerospace firms are vulnerable to the smallest disruptions in supply. For example, a 21-week strike in 1979 at United Technologies' supplier Fafnir Bearing had an almost immediate impact on Pratt & Whitney's engine production. To hedge this supply problem, manufacturers have sought double and triple suppliers on key items and have tried to order as far ahead as possible. This "parts rush" has only aggravated the shortages at the close of 1979.

The manpower situation is little better. Roger Ulvestad, manager of market research for Lockheed in Burbank, is being only half facetious when he says, "Boeing is down here in L.A. dragging engineers off the streets." In nearby Palmdale, Calif., Lockheed has a pool of 4,000 potential production workers it can call on to help build the L-1011s, but the company has a major headache each time it has to add inexperienced workers to the production line. In fact Lockheed's flat earnings in 1979—$3 to $3.50 compared to 1978's $3.51—can in large part be attributed to the problems of inexperienced personnel.

These manpower problems are perhaps best outlined in Wichita, Kan., a bustling city of 393,000, with four major aircraft producers and dozens of parts and equipment suppliers. In 1971 Wichita led the nation in unemployment with a rate of 11.3%. At the end of 1979 that unemployment had dropped to 2.5%—virtually nil. One Wichita-based aircraft company, Gates Learjet, has had to expand its operations outside Kansas for lack of local manpower. And even for the companies that can find the people in Wichita there are problems. According to Gates Vice President James Greenwood, the tight labor market makes it very hard for companies to train the people they find. If the training session is too tough or the pay isn't quite high enough, the worker simply walks across the street to a competitor. "This is a very serious problem and we are concerned," says Greenwood. "Our major problem of the moment is in this area of production, just building the planes on schedule and getting them into the hands of customers."

Rohr Industries in Chula Vista, Calif., the leading manufacturer of jet engine pod assemblies and a defense contractor as well, is the envy of the industry. Rohr has been favored by a better labor climate and perhaps just a bit more prescience than its competitors. From a low point of 5,300 people in 1977, Rohr has managed to build its staff to over 9,000 and is currently on the upswing in productivity. As Rohr Chairman and CEO F.W. Garry looks out over his parking lots, jammed with cars for the first time since 1974, he says, "The whole industry is working damn close to capacity." It takes him a good half hour just to run through the list of the 30 programs that Rohr is currently working on. Rohr has added 300,000 square feet of floor space to handle the business it foresees, and overall Garry is optimistic that the industry will overcome its parts supply problems in this year. But he isn't banking on that alone. Rohr has daily meetings of its managers to anticipate further parts supply problems (Rohr needs 80,000 to 90,000 kinds of parts to get through a manufacturing day).

The 1980 scene is particularly frantic because both military and general aviation are competing with the booming commercial production for people and materials. While Grumman may have to turn more to commercial business in 1980 to make up for its flagging sales of F-14s to the Navy, other predominantly military manufacturers are having no problem filling schedules. The market is so hot that General Dynamics was able to waltz through the recent cancellation of a 55-plane F-16 contract with Iran without even slowing down. The planes that were going to Iran will now go to Israel. Jim Lyons of United Technologies says that the military business, which includes engines for Grumman's F-14s, McDonnell Douglas' F-15s, General Dynamics' F-16s, McDonnell Douglas' and Northrop's F-18s and Fairchild's A-10s and an assortment of helicopter, missile and surveillance aircraft, has brought the defense side of the aerospace business to a happy land of "reinforcing life cycles," he says. "As our F-100 engine deliveries peak, we're beginning to approach another peak on helicopter deliveries. So we're getting sustained growth as opposed to falling off a cliff in the mid-1980s." Even though the Carter Administration is still trying to make up its mind on controversial programs like the MX mobile missile system, Lyons predicts that defense spending in 1980 is likely to see a 3% real growth. And that's a lot when you consider there hasn't been any real growth in defense spending since the end of the Vietnam War.

The year 1980 looks like a big one for Rockwell International Aerospace as well, because Rockwell has tried to avoid the one market area that looks bleak, pleasure flying. Rockwell Aerospace Operations President George Jeffs says he eliminated some "financial brats" in 1979 by making costly design improvements on the Sabreliner business jet and by discontinuing its line of single-engine aircraft and twin-engine propellor aircraft.

Instead, Rockwell has contracted with Boeing to help build the 757 commercial jetliner and is developing its "super base line" projects in the space shuttle and global positioning satellite programs. At the end of 1979 Jeffs was still having performance problems with the shuttle engines being developed by his Rocketdyne division, but he remains confident that Rockwell is not far from producing shuttle engines that can make the required 55 flights.

With most of their business in the light aircraft sector, neither Cessna nor Piper can follow Rockwell and turn off pleasure aircraft production. Both have been hurt by the contracting market on one side and material shortages on the other. Both could turn out to be earnings casualties in 1980. Not so for Beech or Gates Learjet. They are into business more strongly than pleasure sales. Says Dieker of Beech, "The fun-flying portion of our general aviation business is only 5%. We're able to sell everything we can build."

Recession will eventually come to the aerospace industry but it won't be until at least 1981. And when it does come, it's likely to be due to a drop-off in commercial aircraft production. Currently Lockheed is predicting a recession in 1981 and 1982.

Airline income—usually the harbinger of approaching foul weather for aircraft sales—is, of course, already dropping. Income that ran to $1.1 billion in 1978 will be down to only $300 million this year.

But any pain from disappointing commercial orders will be alleviated by strong defense business. The lessons of Iran have not been lost on the U.S. In the last resort, the nation stands alone in the world against the burgeoning forces of chaos and totalitarianism. ■

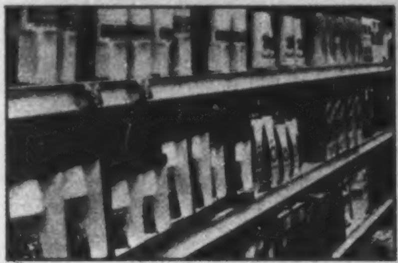
Aerospace & Defense

Yardsticks of Management Performance

	Profitability								Growth			
	Return on Equity				Return on Total Capital				Sales		Earnings Per Share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Lockheed	57.6%	1	11.0%	1.1	7.9%	15	8.8%	0.9%	4.7%	16	D-P	
Beech Aircraft	25.9	2	25.4	0.2	22.6	1	20.7	6.8	18.2	4	38.1%	2
Gates Learjet	24.9	3	19.2	0.2	16.4	2	20.6	4.1	21.6	1	29.1	6
Northrop	24.0	4	26.7	0.1	23.5	3	19.9	5.7	17.0	5	31.5	4
E-Systems	23.2	5	16.1	0.3	14.1	4	19.3	4.1	13.1	9	29.2	5
Raytheon	21.2	6	25.2	0.1	23.3	5	18.9	5.2	13.7	8	22.8	10
Wyman-Gordon	20.2	7	14.0	0.2	11.4	7	16.0	5.1	16.6	6	31.5	3
Fairchild Industries	18.8	8	35.7	0.2	25.0	8	13.9	5.2	11.2	11	25.7	8
Boeing	18.6	9	31.8	0.1	27.3	6	16.1	6.3	8.7	14	42.3	1
United Technologies	18.3	10	17.9	0.4	12.4	10	12.6	3.8	19.0	2	27.1	7
Cessna Aircraft	17.5	11	19.2	0.2	16.0	9	13.7	4.9	18.2	3	15.9	11
Todd Shipyards	14.9	12	40.3	2.9	15.7	16	7.8	1.9	12.8	10	D-P	
Grumman	14.7	13	7.4	0.9	6.2	14	9.2	1.2	9.2	13	D-P	
General Dynamics	14.1	14	25.5	0.1	19.5	12	11.6	4.5	9.7	12	24.7	9
Rockwell Intl	14.0	15	20.3	0.3	14.8	13	10.0	4.2	13.8	7	7.5	12
McDonnell Douglas	13.0	16	15.1	0.1	15.1	11	12.4	3.7	8.6	15	5.3	13
Rohr Industries	def	17	32.8	1.2	14.0	17	0.6	3.8	1.7	17	P-D	14
Industry Medians	**18.6**		**20.3**	**0.3**	**15.7**		**13.7**	**4.3**	**13.1**		**26.4**	
All-Industry Medians	**15.1**		**18.7**	**0.4**	**11.8**		**11.0**	**5.3**	**13.1**		**13.1**	

Note: Explanation of Yardstick calculations on page 51.
P-D Profit to Deficit. D-P Deficit to Profit; not ranked. def Deficit.

Chased abroad by the FDA's delays and the cost of developing drugs, the drug companies are ready to come home—with blockbuster discoveries.



Personal products and health care

THE U.S. PHARMACEUTICAL INDUSTRY is finding a way out of the squeeze between the ultracautious regulation of new drugs and the enormous costs of developing them. It can cost $50 million or more to develop drugs like SmithKline's new ulcer treatment and Squibb's hypertension compounds. And while that money is pouring through the laboratories, there's always the chance that a competitor will come out with a similar product first. But even without that kind of problem, any number of others can crop up, from the need to redo costly tests to the appearance of monstrous side effects.

Escaping even all those unforeseen events, the drug manufacturer must still confront the regulatory demands of the Food & Drug Administration. That process can take another five years or so, at the end of which the drug may be rejected and sent back for testing.

Clearly the risks in the U.S. market are often too great even for the strongest companies in the industry. So they've been trying to dodge some of their FDA problems by marketing new products abroad while waiting out the FDA's approvals. Of the 11 major new drugs approved in the U.S. or Britain from 1960 through March 1979, for example, only one became available in the U.S. before it went on the market in the U.K. Take SmithKline's blockbuster, Tagamet, after Valium the most prescribed drug in the world. It was in use in Britain for over a year before it reached this country.

Even after a drug is accepted in the U.S., foreign earnings are crucial to offset the high development costs. Says Robert F. Dee, chief executive officer of $1.35 billion SmithKline, "Research today is so expensive that it's imperative that you spread the results around the world." And the ease of getting approval in other countries amplifies that need. So, it's no surprise that SmithKline has 51% of its profits abroad; Warner-Lambert has 43%, and A.H. Robbins, 49%.

To get into foreign markets companies are building research facilities and plants abroad. Merck, for instance, now has installations in England, Australia, Belgium and France. These plants are often the result of arm-twisting; build a plant, or you can't sell here. Says Dee, "All the major companies in the industry now have worldwide research capabilities."

Although these moves abroad have been crucial, and will continue to be, there are even bigger developments down the road for the industry. Listen to Goldman, Sachs analyst Frederic Greenberg: "It is our judgment that the industry is on the threshold of a golden age of research productivity and that one can see the signs now."

Greenberg is not alone in this view. According to John Horan, CEO of Merck, "The industry is on the verge of a major breakthrough in the biological sciences. All agree about this and are excited about it." Merck has introduced three new U.S. drugs in the last year and has several more due out soon. In addition, the company is working on an antibiotic that Merck's scientists bill as having "greater potency and a broader spectrum of activity than any other antibiotic"—assuming there are no major problems.

Of course, Merck and everyone else in the industry would love something like SmithKline's Tagamet, which is now bringing in about 30% of the company's revenues and maybe half its total earnings. And SmithKline is trying for another such superdrug with auranofin, an anti-arthritic that is already at the human testing stage.

Squibb, too, thinks it has such a prospect with captopril, an anti-high-blood-pressure drug. Captopril will be attacking a

Breaking the cigarette habit

Getting out of the cigarette business has been an ongoing story for the companies for years. For the most part, as you can see from the chart, they have been trying to diversify into other businesses to minimize the relative importance of cigarettes. Thus far, however, the results of their efforts have been mixed. It's obviously going to take some more doing for these outfits to change their cigarette image to some dandy new word like "multimarket company."

Company	Market share* 1979	Market share* 1978	% tobacco contributed to sales 1979	% tobacco contributed to sales 1978	% tobacco contributed to operating earnings 1979	% tobacco contributed to operating earnings 1978	Other major businesses
RJ Reynolds†	32.9%	32.9%	59.7%	67.6%	80.7%	0.9%	Sea-Land Inc. Energy Food products
Philip Morris‡	28.8	27.8	64.0	64.0	78.0	78.2	Miller Brewing Seven-Up
American Brands‡	11.6	11.7	62.8	62.8	48.9	66.0	Master Lock Food products Franklin Life Insurance
Loews (Lorillard)†	9.8	9.1	23.3	23.5	21.0	23.1	CNA Insurance Cos Hotels Theaters
Liggett‡	2.8	3.2	26.0	28.0	18.0	12.6	Liquor Pet food

*Figures for 1979 (estimates) and for 1978 from John C. Maxwell Jr., Lehman Brothers. †Twelve months ending Sept. 1979. ‡Forbes estimates 1979.

market with a worldwide potential of $8 billion to $10 billion and should be in overseas markets within a year or so.

Among other promising new drugs are those coming out of Bristol-Myers, the number one firm in cancer drugs. Although some of these may be as much as a decade away from markets, B-M claims significant progress with a platinum derivative for testicular tumors that is said to be as effective as today's treatments without the grotesque side effects they now sometimes cause.

Says Dr. James Tuholski, executive vice president of Bristol-Myers, of new antileukemia drugs, "Twenty-five years ago, when you saw a child with acute leukemia, you sent the child's parents to their spiritual advisers. Then the steroids and alkylating agents, and other combinations came into use, and did some good. But now we are really making progress. Of course, we won't know if these drugs are truly perfect cures for 25 years or so, when we see how the children are then."

It may be a risky proposition bringing out a new drug, but, like the kid selling lemonade for $100 a glass, all you have to do is sell one.

Recent developments in drug research seem to be having a cumulative, almost a critical-mass effect. Explains Squibb's chief executive officer, Richard Furlaud, "In the last 20 years, you had the same explosion of knowledge in the drug industry that you had in physics in the 1930s." He goes on, closing his eyes to relish the thought: "It is certain that out of this incredible amount of knowledge there will be a new world of precisely targeted drugs acting at a cellular level."

Drug companies are doing their research in a new way. They look at the disease, analyze the steps that lead to it, and then try to find a chemical compound which will react with, and stop, one of those steps. It's a totally planned process. And they're dealing with the disease—not its symptoms.

Furlaud reflects on the old system: "Certain chemical compounds are known to have physiological effects. If you tried out thousands of compounds on thousands and thousands of mice and rabbits and dogs—well, not dogs, they're too expensive—eventually you came up with something."

Most of these new blockbusters are the result of new technologies, including information processing, but, says Dr. W. Clarke Wescoe, chief executive of Sterling, "I don't think you will ever see a day when the computer will take over entirely. Discoveries will still take place through serendipity."

That's certainly true in Wescoe's company. Sterling's most exciting achievement in recent years has been with a heart drug—amrinone—that may finally replace digitalis, after 200 years. Here's how it happened: Amrinone was being tested as a respiratory drug. Wescoe: "And it did have effects on the respiratory system, but the scientists noted it had more pronounced effects on the cardiovascular area. And it's now being tested exclusively as a cardiovascular drug."

There's yet another pressure on some of the drug companies to come up with new discoveries. Many patents from the last wave of discovery, the early 1960s, are about to expire. New Jersey-based Schering-Plough faces the prospect of seeing its standby, Garamycin, go into the public domain. That one drug accounts for about 40% of the company's earnings, and although Schering is working on patentable improved versions, it still must confront the prospect of deep inroads into a market that accounts for almost half its earnings.

Virtually none of these companies, of course, is exclusively in ethical drugs. Warner-Lambert has 21% of its sales in gums, mints and specialty foods; Sterling has 26% in household products and toiletries; and Bristol-Myers racks up a full 45%

Personal Products

Yardsticks of Management Performance

	Profitability								Growth			
	Return on Equity				Return on Total Capital				Sales		Earnings Per Share	
Company	5-year average	5-year rank	latest 12 months	debt/equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Tobacco												
Philip Morris	22.7%	1	23.1%	1.0	12.5%	2	13.5%	6.2%	20.1%	2	18.9%	2
Loews	22.4	2	22.3	0.7	11.8	4	9.6	4.3	33.3	1	24.3	1
R J Reynolds Inds	20.5	3	20.2	0.3	15.1	1	14.8	6.6	15.0	3	9.1	3
American Brands	15.8	4	22.7	0.4	16.7	3	11.3	5.6	9.3	4	8.7	4
Liggett Group	10.3	5	15.3	0.5	11.3	5	8.3	5.4	4.6	6	3.3	5
Culbro	3.1	6	def	1.2	def	6	4.4	def	7.9	5	–15.2	6
Medians	**18.2**		**21.3**	**0.6**	**12.2**		**10.5**	**5.5**	**12.2**		**8.9**	
Toiletries & Cosmetics												
Avon Products	32.4%	1	32.9%	0.0	32.7%	1	31.4%	10.8%	11.5%	8	10.7%	7
Intl Flavors & Fragrances	22.5	2	24.2	0.0	22.9	2	21.0	15.4	16.1	4	14.7	3
Revlon	21.8	3	22.0	0.3	17.6	3	16.7	8.9	20.8	1	17.4	2
Chesebrough-Pond's	19.6	4	20.5	0.3	15.8	4	15.9	7.0	17.4	2	11.7	4
Kimberly-Clark	19.3	5	32.0	0.2	22.9	7	14.2	14.7	10.2	9	26.1	1
Procter & Gamble	18.9	6	19.4	0.2	15.3	5	14.9	6.1	15.3	5	11.2	5
Gillette	17.4	7	18.8	0.4	13.8	8	12.8	5.8	12.1	6	2.9	9
Colgate-Palmolive	16.7	8	15.9	0.3	12.6	6	14.4	3.9	16.1	3	10.8	6
American Cyanamid	13.5	9	13.3	0.4	9.8	9	10.5	5.5	11.7	7	5.9	8
Medians	**19.3**		**20.5**	**0.3**	**15.8**		**14.9**	**7.0**	**15.3**		**11.2**	
Industry Medians	**19.3**		**20.5**	**0.3**	**15.1**		**14.2**	**6.1**	**15.0**		**10.8**	
All-Industry Medians	**15.1**		**16.7**	**0.4**	**11.8**		**11.0**	**5.2**	**13.1**		**13.1**	

Note: Explanation of Yardstick calculations on page 51.
def Deficit.

in toiletries, beauty aids and household products. To the extent they are in nonprescription consumer products, they are vulnerable to slowdowns in the economy.

Through a curious twist, hospital management companies and their suppliers may actually benefit from a recession. Between 1973 and 1975, earnings of the major hospital management companies like Humana and Hospital Corp. of America did very well. National Medical Enterprises, for example, saw earnings rise by 55% in that tough period. The tendency appears to be that, as a recession widens, one of the things people fear most about a possible layoff is the prospect of losing their medical benefits. So, the worker who has been walking around with a hernia for five years checks into the hospital right away before his job and his free operation expire. The result is that all kinds of elective surgery are performed at these times. What's more, most health care plans run at least 30 days after a layoff, a perfect time to check into a hospital.

But what about the specter of a national health plan? That probably won't be much trouble and may even help. Says one analyst with a major brokerage firm, who did not want to be identified: "I can't conceive of a program that won't benefit these companies. Once the funding is there, there'll be more frequent treatment. Let's say the government says it will give $100 per visit, and the doctor wants $150. They'll get around it. They'll simply ask you to come back twice. These doctors have spent 12 years in school and they're not about to drive around in a 1961 Volkswagen."

Robert Bruce, the highly respected analyst at Paine Webber, gives the example of a kidney dialysis program that the government expected to cost $1 billion at its peak and will wind up costing closer to $6 billion. Bruce: "Once the funding became available, the tendency was to have the patients dialyzed who weren't able to afford the hospital treatment before. And with elderly patients who could live six months more by being dialyzed, the doctors figured it was a good deal. Plus there were new products entering the market. And the government couldn't say no. Even if the government thinks, 'What do we gain in six months?' the people want to live six months more."

As long as life and death are life-and-death matters, money will be made by those who offer the means to extend life. ■

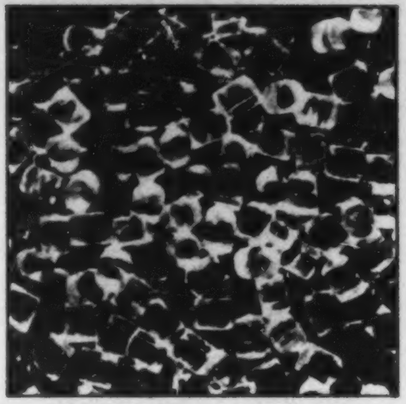
Health Care

Yardsticks of Management Performance

	Profitability								Growth			
	Return on Equity				Return on Total Capital				Sales		Earnings Per Share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Ethical Drugs												
SmithKline Corp	29.8%	1	40.0%	0.2	34.0%	1	24.5%	17.0%	16.4%	1	19.1%	1
Merck	26.2	2	25.7	0.1	21.7	3	22.8	16.3	12.9	7	13.0	4
Schering-Plough	25.0	3	23.3	0.0	23.0	1	24.5	16.2	13.7	4	15.8	2
Eli Lilly	21.6	4	23.4	0.0	22.2	4	20.9	15.1	13.9	3	12.1	5
Upjohn	19.8	5	22.6	0.3	16.5	5	15.1	9.9	15.9	2	14.1	3
Pfizer	17.7	6	18.3	0.4	13.9	6	13.4	8.9	13.0	5	10.8	6
Squibb	15.8	7	14.0	0.4	10.8	8	12.0	7.0	10.5	8	8.7	7
A H Robins	14.9	8	11.7	0.1	7.6	7	12.6	7.3	13.0	6	5.0	8
Medians	**20.7**		**23.0**	**0.2**	**19.1**		**18.0**	**12.5**	**13.4**		**12.6**	
Proprietary Drugs												
American Home Products	31.9%	1	32.7%	0.0	32.1%	1	31.1%	11.6%	11.1%	4	12.3%	2
Bristol-Myers	22.3	2	21.7	0.1	20.0	2	20.2	8.4	12.4	2	14.0	1
Sterling Drug	16.2	3	16.7	0.1	14.9	3	15.0	7.5	10.4	5	5.2	5
Warner-Lambert	15.7	4	13.3	0.4	9.2	5	12.5	5.1	11.4	3	6.7	4
Richardson-Merrell	14.8	5	16.6	0.2	15.1	4	13.4	7.3	13.2	1	9.8	3
Morton-Norwich	10.0	6	16.3	0.3	12.1	6	8.0	6.4	10.2	6	0.5	6
Medians	**16.0**		**16.7**	**0.2**	**15.0**		**14.2**	**7.4**	**11.3**		**8.3**	
Health Care Products & Services												
Abbott Laboratories	21.2%	1	22.0%	0.3	17.5%	2	15.9%	10.6%	17.5%	5	22.4%	5
Humana	19.5	2	34.5	2.3	9.1	9	8.1	4.4	37.5	1	27.3	1
Johnson & Johnson	19.0	3	19.9	0.0	19.4	1	18.4	8.5	16.8	7	14.7	8
Bausch & Lomb	18.7	4	22.1	0.3	17.6	3	14.2	7.7	14.8	10	24.4	2
Hospital Corp of America	18.4	5	19.3	1.3	9.0	8	8.6	6.1	29.0	2	23.8	3
Baxter Travenol Labs	17.0	6	18.3	0.3	13.8	4	12.5	9.8	22.6	4	22.9	4
Becton, Dickinson	14.7	7	14.6	0.2	13.2	6	12.1	7.6	15.1	9	13.8	9
American Hospital Supply	14.4	8	15.5	0.3	12.5	5	12.3	5.4	16.5	8	15.5	7
G D Searle	14.1	9	19.3	0.8	13.6	7	10.8	8.8	17.4	6	−0.6	10
American Medical Intl	13.4	10	18.8	1.1	11.0	10	7.6	5.6	23.3	3	15.6	6
Medians	**17.7**		**19.3**	**0.3**	**13.4**		**12.2**	**7.7**	**17.5**		**19.0**	
Industry Medians	**18.1**		**19.3**	**0.3**	**14.4**		**13.4**	**8.1**	**14.4**		**13.9**	
All-Industry Medians	**15.1**		**16.7**	**0.4**	**11.8**		**11.0**	**5.3**	**13.1**		**13.1**	

Note: Explanation of Yardstick calculations on page 51.

The U.S. chemical industry swept all before it in international markets last year. The victory was no fluke. And the victors are gathering the spoils.



Chemicals

CHAIRMAN IRVING SHAPIRO of E.I. Du Pont contemplates, with his customary amused smile, the coming "high technology shoot-out in the marketplace" of international chemicals and proclaims: "We are competitive in the world." He refers to investments in the U.S. by major foreign producers—Germany's Hoechst, Bayer and BASF and Britain's Imperial Chemical Industries—and to the remarkable current success of the U.S. chemical industry abroad, whether served by exports or by foreign plants of U.S. companies.

Like all the other companies in this industry group, Du Pont had an excellent year overseas (foreign sales up 34% in the first nine months, foreign earnings doubled from 1978) and looks for more of the same in 1980. "It will take a couple of years before the Europeans get all their plants operating here," Shapiro explains. Meanwhile, "We've gone abroad, we've built plants, our infrastructure is there and yielding good results."

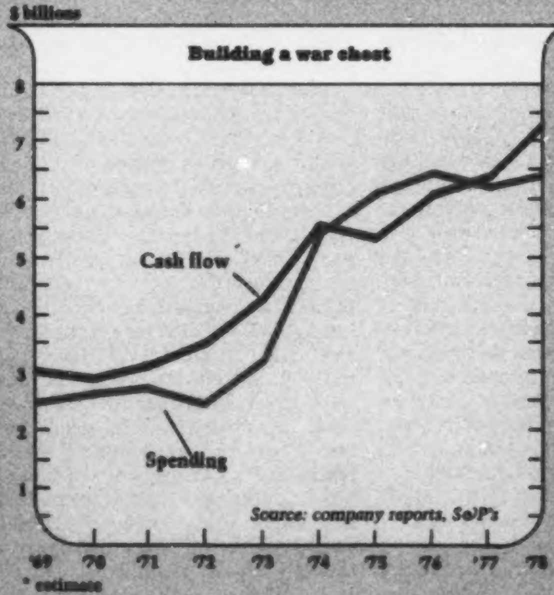
As for those relentless exporters, the Japanese, U.S. chemical people note a retreat from the arena by the Japanese chemical industry. High energy costs are forcing Japan to cut back on exports of basic commodity chemicals, such as styrene, polyethylene and fiber raw materials. Shapiro notes further that the chemical industry now has a lower priority than electronics (FORBES, *Nov. 26, 1979*) for Japan's government-directed capital. "Capital availability is hampering our Japanese competitors," he says with the amused smile. "I wish them well."

U.S. chemical exports rose 36% last year, to $17 billion, and since imports grew less rapidly, the trade surplus in chemicals climbed 59%, to $9.8 billion, from a $6.1 billion surplus in 1978 that was itself a record. This basic industry became one of the U.S.' strongest exporters, boosting chemical company earnings at home and sending European producers scurrying to Common Market headquarters in Brussels seeking protection from low-priced U.S. goods.

The Europeans don't object to the weak dollar, an important contributor to the U.S.' success. Their complaint is against Washington's control of oil prices which, the Europeans say, gives American producers an unfair advantage in raw material costs. The energy advantage is magnified by the fact that U.S.

The international battle lines are drawn

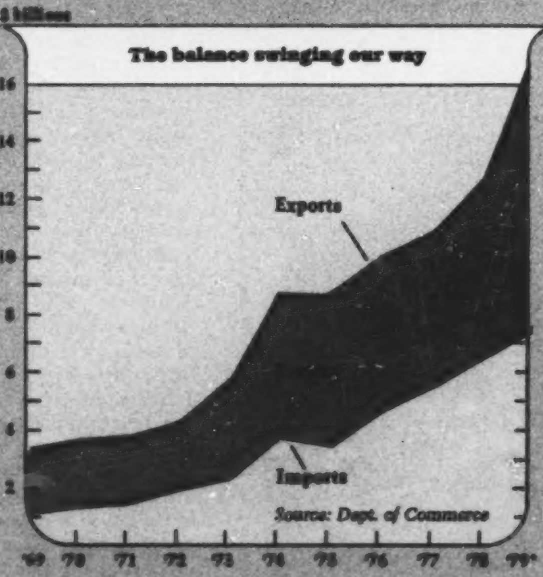
Whatever harsh words are said these days about U.S. industry's lacking the will to invest and to win markets for exports, they don't apply to the chemical industry. In the years 1974 to 1978 the U.S. chemical industry invested 25% more of its cash flow than it did in the years 1969 to 1973. The capacity is now in place, and world markets are rising to absorb it, as shown by the 36% leap in chemical exports in 1979. Meanwhile the chemical industries of Europe and Japan seem at bay, having held back on investment since the oil price rise of 1973.



Building a war chest

Source: company reports, S&P's

* estimate



The balance swinging our way

Source: Dept. of Commerce

producers use natural gas liquids for an important part of their basic feedstocks while the Europeans and Japanese use naphtha, a petroleum derivative similar chemically to gasoline. Naphtha's price skyrocketed in world markets in 1979, so a U.S. chemical producer was paying $4 for an amount of feedstock costing his foreign competitor close to $9.

If those were the only trumps the U.S. chemical industry held, Shapiro and the other U.S. chemical men would hardly be as confident of their hand as they are. There is more to it. The story FORBES heard repeatedly is that U.S. companies have made the capital investments and the commitment to exports. Now, as markets in developing Asia and Latin America demand more chemicals for their own industrialization, the U.S. has the capacity to serve them.

Paul F. Oreffice, president and CEO of Dow Chemical Co., is firm in his conviction that it is capital spending, not naphtha prices, that has given his company its biggest advantage over foreigners (FORBES, *Nov. 26, 1979*). "Dow has been spending over $1 billion a year for the last four years," says Oreffice. "The German companies, which are much larger than we, have been spending only about $800 million a year. They have added very little capacity."

Sure enough, capital spending as a percentage of cash flow has gone up markedly for all the companies listed here since the great oil price rise of 1973 *(see chart, p. 137)*. This is just the period in which the Europeans and Japanese—fearing that petrochemical plants would be built in the Middle East—have held back on expansion. Now, with demand accelerating in the major developing nations and supply and demand coming into balance for many chemicals, the Americans have the goods.

This firm export market for U.S. production has been made even firmer by the absence of the Japanese. "The Japanese are using their oil for other purposes," says Richard R.P. Morrow, who handles investor relations for Hercules Inc. "And it has opened up opportunities for us." Hercules is a major provider of polypropylene, the basis for a variety of plastics. The company just put new capacity on stream to meet demand. Two years ago, anticipating the markets, it set up a worldwide distribution network; it opened plants in Taiwan and Belgium and is now exporting into Brazil and the Philippines, building market presence before it builds plants in those countries.

It is this kind of preparation by the U.S. companies that puts their energy advantage in perspective. Says Ira B. Wheeler, vice president-planning of Celanese Corp., "The dollar is the crucial difference." But not merely the dollar's cheapness in 1979. "It isn't as if we discovered a vein," says Wheeler. "We've had a commitment to exports for the last eight years, ever since Nixon devalued the dollar. From Aug. 18, 1971 some part of our plant expansions have been geared to export." Celanese is a major producer of fibers. Wheeler notes that eight years ago Japan was "fierce in fibers markets." But now, he says, "We don't run up against them."

Bruce Ambler, vice president-international of Allentown, Pa.-based Air Products & Chemicals Inc., says his company went abroad five years ago with emulsion products—materials that make adhesives stick. Now sales volume allows Air Products to put a plant overseas.

Practically all chemical products of U.S. manufacturers are benefiting from growing export markets. Deneb Teleki, director of market research for International Minerals & Chemical Corp., says demand for phosphate fertilizer products is growing 5% a year worldwide (2% to 3% in the U.S.), but 10% to 15% a year in the developing world. IMC will spend $170 million to increase its capacity for phosphate fertilizer by 50%, making it second only to the Russian government in production.

"It will take a couple years before Europeans get their plants operating here. We've gone abroad, built plants. Our infrastructure is there and yielding good results."

Teleki and others in the U.S. industry cite some of the continuing advantages the U.S. has in chemicals: a large home market allowing plants to be built with economies of scale, a large supply of the technical manpower and relative economic and political safety for the big investments needed in chemicals.

The confidence, not to say euphoria, among U.S. chemical men is fairly general. Even those who favor a cautious stance are firmly optimistic. Lawrence Skatoff, general manager for Asia at Monsanto Co., keeps a healthy skepticism about the Japanese backpedaling in export markets. "It may simply be a yen issue," says Skatoff. "It's difficult for them to be competitive when the yen is strong. Now, with the yen falling, it looks like the pendulum may swing the other way." He concedes the Japanese seem to have let their market share slip in some commodity chemicals, declining to import high-priced oil merely to produce low-margin commodities. But he suspects they'll stay in competition in the higher-value specialty chemicals. Still, says Skatoff of both Monsanto and the U.S. chemical industry, "In proprietary products, in specialties and the commodities, we'll be strong."

It is this strong foreign earnings outlook that makes the chemical people look with equanimity on the anticipated softness in the U.S. market this year. Even so, few are as confident as Oreffice of Dow, who calls the years 1981 to 1985 a "golden era" for his company.

Is there no voice of dissent in this sun-filled chorus? Yes, there is one—security analyst Aris P. Christodoulou of Blyth Eastman Dillon, who published a report last fall entitled: "The Export Cushion in Recession—Is It Wishful Thinking?" Christodoulou notes that U.S. chemical makers drove all before them in export markets in 1974 and 1975, the years immediately following the oil price rise, but that the foreigners recovered and U.S. export earnings went down. More immediately, Christodoulou, following Blyth's economists, predicts a severe U.S. recession and a simultaneous downturn in Europe and forecasts a bad year ahead for the chemical industry.

But Christodoulou's is a minority view. Most analysts, like Rotan Mosle's Harry Flavin and First Boston's Anantha K.S. Raman, believe the industry, aided by exports, should ride through a mild recession. Raman, who with his team at First Boston publishes reference manuals on the industry, thinks the basic point about U.S. chemicals is that the industry has just finished a period of high capital spending. Over the next few years, he believes, most capital budgets will be about level (Du Pont is an exception), and that is the time when the industry reaps the earnings rewards of the new capacity and is at the same time most competitive.

To sum up, Dow's Paul Oreffice says it simply and well: "The U.S. chemical industry has been competitive. It will be more so in future." ■

Chemicals

Yardsticks of Management Performance

	Profitability								Growth			
	Return on Equity				Return on Total Capital				Sales		Earnings Per Share	
Company	5-year average	5-year rank	latest 12 months	debt/equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Diversified Chemicals												
Diamond Shamrock	23.5%	1	15.9%	0.7	10.6%	3	13.5%	7.5%	18.4%	2	22.8%	1
Dow Chemical	23.1	2	21.4	0.8	12.4	2	14.2	8.4	17.6	3	18.8	3
Stauffer Chemical	20.3	3	17.0	0.5	11.9	1	14.3	8.8	15.2	4	20.8	2
Monsanto	15.1	4	14.1	0.4	9.9	5	11.2	6.1	13.6	7	13.0	5
E I du Pont	14.8	5	20.8	0.2	16.0	4	11.3	7.9	12.5	8	7.5	8
Union Carbide	14.0	6	15.2	0.4	10.7	7	10.2	6.2	14.0	5	9.1	7
W R Grace	13.5	7	13.3	0.5	9.7	8	9.5	3.9	10.2	13	12.3	6
American Cyanamid	13.5	8	13.3	0.4	9.8	6	10.5	5.5	11.7	10	5.9	9
Hercules	12.3	9	20.0	0.3	15.3	9	9.4	7.6	11.3	11	4.3	10
Celanese	11.4	10	16.9	0.5	11.0	10	7.5	4.9	10.7	12	13.2	4
Allied Chemical	8.8	11	def	0.7	0.2	12	6.4	def	13.6	6	2.8	12
Reichhold Chemicals	8.8	12	4.4	0.4	4.6	11	7.4	1.2	19.0	1	3.2	11
Rohm & Haas	7.5	13	16.2	0.4	12.3	13	6.3	6.0	12.1	9	–3.7	13
Medians	**13.5**		**15.9**	**0.4**	**10.7**		**10.2**	**6.1**	**13.6**		**9.1**	
Specialists												
Intl Minerals & Chem	28.1%	1	17.[illegible]%	0.4	12.1%	3	17.1%	8.4%	18.3%	3	38.8%	1
Lubrizol	24.9	2	27.1	0.0	25.3	2	23.4	12.2	16.2	7	15.5	10
Nalco Chemical	24.9	3	27.7	0.0	26.8	1	23.9	11.2	15.9	9	17.1	8
Air Prods & Chems	19.9	4	20.0	0.4	12.4	7	11.7	7.9	20.3	2	25.3	2
Mallinckrodt	19.7	5	22.3	0.2	16.5	4	14.4	10.5	17.7	4	20.9	5
Dexter	18.5	6	20.1	0.3	14.6	5	14.1	5.6	27.8	1	22.3	4
Ethyl	18.4	7	17.9	0.4	11.8	12	11.0	6.0	13.2	13	12.2	13
Thiokol	17.4	8	21.6	0.1	15.2	6	13.5	6.1	12.9	14	18.3	6
Sun Chemical	17.3	9	25.6	1.0	14.1	11	11.1	5.2	14.1	12	22.4	3
Witco Chemical	16.8	10	21.7	0.3	14.9	10	11.2	4.7	14.6	10	12.4	12
Liquid Air of No America	15.8	11	12.0	0.6	9.9	8	11.6	6.1	16.1	8	16.4	9
Pennwalt	14.1	12	14.5	0.5	10.4	13	10.1	4.7	12.2	15	18.0	7
Freeport Minerals	13.6	13	28.0	0.1	22.2	9	11.4	19.3	14.4	11	7.3	14
Cabot	12.4	14	21.6	0.6	13.6	14	9.0	6.3	17.0	5	12.4	11
Williams Companies	9.8	15	6.3	0.9	4.8	15	6.6	2.6	16.[illegible]	6	1.0	15
Akzona	4.3	16	7.9	0.5	5.5	16	3.6	2.5	6.9	16	–14.6	16
Medians	**17.4**		**20.0**	**0.4**	**13.9**		**11.5**	**6.1**	**16.0**		**16.8**	
Industry Medians	**15.1**		**17.4**	**0.4**	**12.1**		**11.2**	**6.1**	**14.4**		**13.0**	
All-Industry Medians	**15.1**		**18.7**	**0.4**	**11.8**		**11.0**	**5.2**	**13.1**		**13.1**	

Note: Explanation of Yardstick calculations on page 31.
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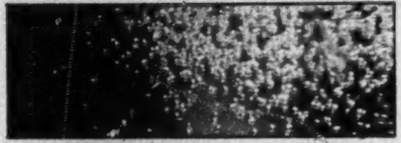
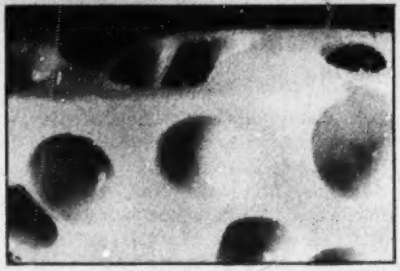
The health hustle and panty hose are working a little magic. Surprise! So are ordinary groceries.





Food and drink

AFTER YEARS OF AGGRESSIVE ACQUISITION, many of the so-called "diversified food companies" are as dependent upon nonfood items for their earnings as they are on food. Food executives are beginning to sound like mutual fund managers as they talk about their "portfolios." Listen to General Foods Corp. Chairman and CEO James L. Ferguson, who has firmed up the performance of his $5.5 billion coffee and packaged-food firm in the past two years: "We sought to develop a portfolio [of products] that would balance risks and opportunities." GF saw the largest increase in margins of any packaged-food firm last year—from 3.5% to 4.7%, mostly because coffee commodity prices stayed relatively low while prices at the supermarket rose.

The Quaker Oats Co., which also had an excellent growth year, sounds just like General Foods. "A company like Quaker has a balanced portfolio," explains Frank J. Morgan, Quaker's executive vice president for grocery products in the U.S. and Canada. He means the company is as dependent upon convenience foods like frozen pizza as on staples like hot and cold cereals, and it hasn't gone too far afield in diversifications like chemicals—a mere 3% of earnings last year—or restaurants.

Thus, it's a good idea to take a look at where the food firms are deriving their earnings, and see how economy-sensitive their nonfood industries will be in the coming downturn. Take Borden Inc. Nearly 40% of its earnings last year were from its chemical division. But both return on equity and margins were down, according to the FORBES Yardsticks, largely as a result of poor performance in its adhesive chemicals. Then there's General Mills Inc. General Mills' return on equity in 1977 topped the FORBES list in its category. Not so in 1979; its furniture and travel divisions showed an earnings decline, and its recently acquired Ship 'n Shore blouses lost some $17 million pretax. Although other diversifications like retailing and men's apparel did well, 1980 is not likely to be an exciting year for either. So General Mills' margins may again be hit.

Coals to Newcastle?

Gallic snobbery strikes again! First it was denim jeans as fashion. Now Napa Valley wines are the talk of *le tout Paris*.

Burgess, Clos Du Val, Chateau Montelena and Trefethen, not exactly household names in the U.S., where per capita wine consumption is under two gallons a year, are now being snapped up in Paris, selling for $17 a bottle.

Last spring C. Gregory Bissonette, a former San Francisco stockbroker, now president and owner of Chateau Chevalier Winery Inc. in St. Helena, Calif., organized 30 West Coast vintners into Globcor Vin and shipped to France 650 cases of assorted wines. They sold out. Globcor will ship another 1,200 cases this month.

Globcor will not turn a profit this year, but Bissonette believes the demand is there. Then why haven't Paul Masson, Christian Brothers and others who have been exporting their wines for years made a dent in the market? Bissonette explains: "They're not the kind of wines Europeans want." The world is awash in *vin ordinaire*, he says, but not high-class stuff from California.

RGESS
1975
Cabernet
Sauvignon
CHATEAU
MONTELENA
Chardonnay
Trefethen

Consolidated Foods Corp. is another firm that might make economy watchers wary. This past year its margins declined from 2.7% to 2.3%. Over 40% of its earnings came from nonfood products—Electrolux Corp. vacuum cleaners, Fuller Brush Co. brushes and Hanes Corp. stockings. While Hanes may fare well as long as women keep working, vacuum cleaner sales will probably slip, along with other consumer durables. Meanwhile, Beatrice Foods Co. surely earned an award for being in the wrong place at the wrong time. Subsidiaries such as Airstream trailers and Harman Kardon suffered during a year in which an energy crisis hit and there was less disposable income for nonessentials like hi-fi components. Add in management mayhem at Beatrice, and you get a firm that usually places high on the FORBES list declining to a return on equity of 15.5% from the previous year's 17%. Beatrice has announced it will sell Harman and wants to unload Airstream; an expected increase in the orange crop this season should boost earnings from Tropicana Products Inc.—a good bet, since fruit juices has been one of the largest growth areas lately, in the wake of the health-food craze.

Another example of the risks in nonfood diversification is Norton Simon Inc. NS' return on equity was down slightly for the year, and it continued to lose money at Max Factor & Co., its cosmetics subsidiary.

All these diversifications, of course, were supposed to increase food company margins. Nowhere was this more of a gamble than with the purchase of fast-food chains. Since unit volume in the food business has been stagnant since the early Seventies, food companies went after the 20%-plus growth they saw in fast food. But the gas crisis last spring curtailed much pleasure driving, and meat prices remained on a high plateau. So the fast-food industry faltered. This explains the poor showing of Ralston Purina Co., where return on equity fell to 13.2% from 1978's impressive 17.8%. Its Jack in the Box chain has lost ground to more effective competitors like McDonald's and Burger King. That's why Ralston Purina is closing 232 restaurants east of the Mississippi. Ralston also flopped with its Green Thumb floriculture division, which sold houseplants through discount stores. It was sold off in May 1979. And Ralston lost market share to Quaker Oats and General Foods in the profitable pet-food market.

Other food companies are also getting shot down in fast food. Campbell Soup Co. shed its Herfy's Corp. chain two months ago. General Foods doesn't look for much from its Burger Chef chain this year, despite its commitment to turn it around. And Quaker Oats President Robert D. Smithburg announced that Quaker will cut its expansion spending on such "theme restaurants" as its Magic Pan Creperie chain.

One of the bright spots in 1979 was "a resumption of growth in unit volume of packaged grocery products," says analyst Robert J. Cummins of Wertheim. That's the mature business which so many food firms found so boring for most of the Seventies. The largest pickup in sales has been in such areas as peanut butter, cheese, cereal and salad products. "Basic products like oatmeal and pancake mixes have been doing well for the past few months," comments Frank Morgan of Quaker, because of less discretionary income. But Morgan attributes choices of more green vegetables, cheese and cereals to genuine and faddish interest in health.

"People are getting more concerned about nutritious foods, whether it be fibers or low cholesterol," explains Morgan. "As consumers become more educated, they are more aware of it. In schools there is also more emphasis on nutrition. Years ago we ate margarine instead of butter because it was cheap. Today even grammar school children look for margarine because they're taught it's healthy."

Food & Drink

Yardsticks of Management Performance

	Profitability								Growth			
	Return on Equity				Return on Total Capital				Sales		Earnings Per Share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Diversified Foods												
Dean Foods	20.8%	1	20.6%	0.5	14.0%	2	15.2%	1.9%	12.9%	8	31.5%	1
Curtice-Burns	20.2	2	19.3	2.4	7.7	8	13.1	1.7	29.6	1	21.5	2
CPC International	18.9	3	20.2	0.2	16.5	1	15.2	5.0	11.2	16	14.7	8
Universal Foods	18.3	4	14.1	0.3	12.0	6	14.2	3.0	19.6	2	15.7	5
General Foods	18.1	5	20.4	0.2	16.5	4	14.2	4.7	12.7	9	14.2	9
General Mills	17.8	6	17.0	0.4	13.1	10	12.9	3.9	16.2	4	15.6	6
Beatrice Foods	17.1	7	15.5	0.4	11.6	5	14.2	3.5	16.6	3	10.9	15
Ralston Purina	17.0	8	13.2	0.4	9.8	12	11.9	2.8	12.2	12	13.1	10
Federal Co	16.3	9	18.4	0.1	16.1	3	14.4	3.1	15.9	5	21.2	3
Pillsbury	16.2	10	17.1	0.8	10.5	13	11.1	3.8	15.8	6	14.9	7
Standard Brands	16.0	11	15.7	0.4	10.8	14	10.9	3.3	11.3	15	9.2	17
Kraft	15.8	12	16.8	0.2	13.6	9	13.0	3.3	9.7	19	12.3	12
H J Heinz	15.6	13	18.5	**	14.1	11	12.1	4.9	12.4	10	17.8	4
Campbell Soup	15.1	14	15.6	0.0	13.9	7	14.0	5.8	9.9	18	9.5	16
Norton Simon	14.5	15	14.4	0.6	9.3	17	9.8	4.5	10.3	17	9.1	18
Intl Multifoods	14.5	16	13.8	0.4	10.3	15	10.8	2.5	8.0	22	13.0	11
Castle & Cooke	13.5	17	11.1	0.7	7.3	19	9.2	2.9	13.0	7	11.7	14
Borden	12.7	18	12.2	0.4	9.4	18	9.7	3.3	8.8	21	11.9	13
Consolidated Foods	12.5	19	15.9	0.5	12.3	16	10.2	2.3	12.3	11	2.3	20
Ward Foods	11.4	20	20.6	2.2	10.6	23	3.7	1.6	–2.9	24	D–D	23
Di Giorgio	7.8	21	11.1	0.9	8.0	21	6.1	1.0	12.2	13	6.1	19
Fairmont Foods	7.6	22	7.1	0.7	6.1	20	6.3	0.9	6.7	23	–0.3	21
Kane-Miller	6.3	23	1.0	0.9	2.9	22	5.7	0.1	11.3	14	–1.6	22
United Brands	2.7	24	4.7	0.6	4.2	24	3.1	0.6	9.1	20	D–P	
Medians	**15.7**		**15.7**	**0.4**	**10.7**		**11.5**	**3.1**	**12.2**		**12.8**	
Meatpackers												
Iowa Beef Processors	22.2%	1	18.0%	0.4	14.8%	1	15.7%	1.0%	16.6%	2	26.8%	1
Idle Wild Foods	19.1	2	19.5	0.4	14.5	2	15.6	1.2	10.3	5	19.6	3
Bluebird	16.5	3	24.0	0.6	17.3	5	12.4	1.9	11.8	3	19.9	2
Oscar Mayer	15.4	4	17.0	0.1	14.2	3	12.7	3.1	9.8	6	9.8	5
George A Hormel	14.1	5	18.3	0.2	16.1	3	12.7	2.2	8.6	8	11.1	4
Frederick & Herrud	13.9	6	16.6	0.7	11.0	6	10.1	0.7	23.2	1	2.1	9
Greyhound	12.3	7	15.8	0.7	10.3	7	8.8	2.4	6.1	9	3.1	8
Esmark	12.1	8	12.2	0.6	7.5	8	8.8	1.4	9.1	7	9.0	6
Monfort of Colorado	5.2	9	def	0.4	1.1	9	4.6	0.0	10.6	4	4.6	7
General Host	def	10	11.8	3.0	8.0	10	2.5	0.9	4.4	10	P–D	10
Rath Packing	def	11	def	20.0	def	11	def	def	2.5	11	P–D	10
Medians	**13.9**		**16.6**	**0.6**	**11.0**		**10.1**	**1.2**	**9.8**		**9.0**	

Food & Drink

Yardsticks of Management Performance

	Profitability								Growth			
	Return on Equity				Return on Total Capital				Sales		Earnings Per Share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Agricultural Commodities												
ConAgra	25.7%	1	23.9%	0.5	16.1%	3	14.1%	3.0%	8.5%	10	68.6%	2
Pioneer Hi-Bred Intl	24.9	2	23.7	0.2	19.6	1	23.2	12.0	21.1	2	24.8	6
Savannah Foods	24.6	3	9.6	0.5	7.4	2	15.7	1.6	6.6	12	73.4	1
Kay	21.3	4	26.8	1.0	11.3	7	12.0	0.9	21.7	1	63.6	3
Archer Daniels Midland	18.5	5	14.7	0.4	10.4	3	14.1	2.8	18.2	5	24.0	7
A E Staley Mfg	18.5	6	9.6	0.4	7.1	6	13.6	1.6	21.1	3	27.1	5
DEKALB AgResearch	17.6	7	15.4	0.3	11.2	5	13.8	7.7	20.7	4	16.4	9
Seaboard Allied Milling	13.4	8	17.6	0.3	12.8	11	9.6	2.2	12.2	8	15.4	11
Dibrell Brothers	12.8	9	12.8	0.2	11.3	9	10.9	1.2	13.2	7	15.6	10
Peavey	12.7	10	12.6	0.4	9.0	10	10.1	2.7	9.8	9	8.3	12
Anderson, Clayton	12.3	11	11.6	0.1	10.9	8	11.0	3.3	7.4	11	16.9	8
Central Soya	11.8	12	13.4	0.4	9.9	12	9.1	1.4	14.2	6	3.5	13
Nortic	9.6	13	13.6	0.8	7.6	13	6.7†	1.4	4.4‡‡	13	27.9‡‡	4
Medians	**17.6**		**13.6**	**0.4**	**10.9**		**12.0**	**2.2**	**13.2**		**24.0**	
Other Food Specialists												
Kellogg	28.9%	1	26.6%	0.1	22.1%	1	24.1%	8.8%	14.8%	3	16.5%	2
Flowers Industries	20.1	2	17.9	0.5	11.9	9	12.1	3.1	22.2	1	16.7	1
Hershey Foods	18.6	3	18.4	0.1	15.8	3	15.6	5.0	11.4	10	16.4	3
Wm Wrigley Jr	18.5	4	18.6	0.0	17.9	2	17.8	7.6	13.7	6	12.1	7
Nabisco	18.1	5	18.2	0.4	12.2	7	12.2	4.2	10.6	11	10.7	10
Campbell Taggart	17.9	6	17.7	0.3	12.9	6	13.3	3.2	13.9	5	15.0	4
Carnation	17.5	7	17.1	0.2	13.9	5	14.0	4.9	11.8	9	13.7	6
Gerber Products	15.9	8	15.0	0.1	13.4	4	14.2	5.3	9.4	14	9.3	11
McCormick & Co	15.7	9	14.7	0.4	11.5	7	12.2	4.1	16.1	2	14.6	5
Quaker Oats	14.9	10	17.8	0.3	12.6	10	10.6	4.3	13.9	4	11.2	9
Amstar	14.0	11	8.7	0.2	6.8	12	9.5	2.3	9.8	12	7.9	13
Anser Maine-Products	12.8	12	8.9	0.5	7.1	11	9.9	2.3	12.9	8	11.7	8
American Bakeries	12.7	13	8.1	0.7	5.7	13	8.5	0.8	6.7	15	D-P	
Knudsen	10.4	14	17.1	1.4	9.5	14	6.8	1.5	13.1	7	2.0	14
Stokely-Van Camp	8.5	15	10.8	0.4	8.1	15	6.7	2.6	9.5	13	8.2	12
DPF	**		19.2	2.8	8.0		**	1.8	**		**	
Medians	**15.9**		**17.4**	**0.4**	**12.1**		**12.2**	**3.7**	**12.9**		**11.9**	
Drinks												
G Heileman Brewing	25.8%	1	32.2%	0.2	25.1%	2	18.9%	5.1%	21.4%	1	22.3%	1
Coca-Cola	24.0	2	23.7	0.0	22.5	1	22.7	8.7	13.5	6	11.8	5
PepsiCo	21.1	3	22.0	0.4	16.0	3	15.1	5.3	18.7	3	15.8	2
Heublein	17.1	4	16.4	0.5	12.0	6	12.0	4.0	12.8	7	11.9	4
Brown-Forman Distillers	14.5	5	19.1	0.5	14.4	7	11.3	7.2	10.2	9	11.8	6
Anheuser-Busch Cos	14.4	6	15.9	0.5	9.6	10	9.6	4.5	13.6	5	6.2	8
Royal Crown Cos	14.2	7	6.8	0.6	5.9	4	13.6	1.6	14.9	4	2.5	13
Adolph Coors	14.1	8	12.4	0.0	11.6	5	13.5	10.2	12.4	8	10.7	7
National Distillers	13.1	9	14.0	0.4	10.8	8	10.2	6.3	6.9	12	13.6	3
Hiram Walker	11.5	10	14.9	0.1	12.4	9	9.9	8.6	3.9	15	3.5	11
Liggett Group	10.3	11	15.3	0.5	11.3	11	8.3	5.4	4.6	14	3.3	12
Seagram	9.0	12	9.9	0.4	7.7	13	7.3	4.2	6.4	13	5.7	10
Olympia Brewing	8.7	13	9.7	0.3	8.1	12	7.7	1.9	19.5	2	5.9	9
Pabst Brewing	7.9	14	4.0	0.1	3.5	14	7.2	1.4	10.1	10	–2.2	14
Jos Schlitz Brewing	6.4	15	def	0.3	def	15	4.9	def	8.4	11	–12.5	15
Medians	**14.1**		**14.9**	**0.4**	**11.3**		**10.2**	**5.1**	**12.4**		**6.2**	
Industry Medians	**14.7**		**15.8**	**0.4**	**11.3**		**11.0**	**2.9**	**12.0**		**11.9**	
All-Industry Medians	**15.1**		**16.7**	**0.4**	**11.5**		**11.0**	**5.3**	**13.1**		**13.1**	

Note: Explanation of Yardstick calculations on page 51. †Four-year average. ‡‡Three-year growth.
P-D Profit to Deficit. D-D Deficit to Deficit. D-P Deficit to Profit; not ranked. def Deficit. **Not available; not ranked.

Analysts like William M. Knobler of Sanford C. Bernstein think that too much is made of the health-food kick. ("It's really much more talked about by the intelligentsia. The average American, if he wants a Dorito, goes out and gets a Dorito.") But statistics show that health-food sales have been rising some 30% a year since 1970, though from a small base. That's why the industry is jumping on the "health" bandwagon: Kraft Inc. is pushing diet cheese, CPC International Inc. offers Diet Mazola margarine, Carnation Co. has a diet hot chocolate drink and Quaker Oats is test marketing a low-sugar presweetened cereal. General Mills is getting into indoor lettuce growing. Consolidated Foods is marketing a carbonated beverage as a "natural flavored drink." H.J. Heinz Co. is now betting heavily on its Weight Watchers acquisition.

Food companies are getting shot down in fast food. Campbell Soup shed its Herfy Corp. chain two months ago. General Foods doesn't look for much from its Burger Chef. And Quaker will cut its expansion spending on "theme restaurants."

Diet is also helping to promote wine against hard liquor. Wines have continued their uptrend against whiskey, with domestic brands like National Distillers & Chemical Corp.'s Almaden Vineyards Inc. and The Coca-Cola Co.'s Taylor Wine Co. bringing to wine advertising the kind of media spending that once only went to beer and soft drinks.

Paradoxically, calorific snack foods had a great year. PepsiCo, Inc.'s Frito-Lay products, packed with carbohydrates, showed increased unit volume of some 11% in the U.S. and 41% overseas by the end of its third quarter. "You don't have a situation overseas of people going on diets, so you can produce bigger growth rates than you can here," comments analyst Knobler. CPC, which sells 60% of its products overseas—like Skippy peanut butter and Hellmann's mayonnaise—is finding big new markets in Asia and Latin America. General Foods' Ferguson says, "We are depending upon international [profits] to grow faster than the firm's income as a whole." Says E.F. Hutton food analyst Peter J. Barry: "These countries do not differ so greatly from where the U.S. was a decade, or perhaps a generation, ago. There are considerable opportunities for U.S. companies to make inroads."

Despite record U.S. crops, food prices will keep rising as long as packaging, advertising, distribution and labor costs keep climbing. ■

Recession prospects: electrical utilities (poor); natural gas (excellent); telephones (mildly down).

Utilities

Roughly four out of every ten electric utility companies were failing to show significant earnings gains as 1979 ended. Three Mile Island, record interest rates and soaring construction and operating costs outstripped the utilities' ability to increase rates. The natural gas distributors, in contrast, are blossoming as supplies and price policies produce rising earnings. Phone companies confront slower growth now but sterling prospects in the decade ahead.

The nuclear incident at the Three Mile Island facility has already devastated General Public Utilities—parent of Metropolitan Edison. GPU was forced to slash its common dividend and regulators have ordered the company to show why Metropolitan Edison should keep its franchise. The entire nuclear power industry is suffering. In October of last year the Nuclear Regulatory Commission called current safety procedures unsafe. The NRC also froze permits for new reactors. Worse yet, NRC said that some of the 71 operating reactors should be shut down because they're too close to major population centers.

What Three Mile Island did to nuclear power, OPEC and accelerating inflation did to the entire utility industry. Oil prices continue to ratchet up with monotonous regularity—about 65% last year alone. That, plus higher coal and gas prices, inflated construction costs and extraordinarily high interest rates (Louisiana Power & Light paid 13½% for 30-year money) meant rapidly escalating costs.

As Ed Gaylor, utility analyst at Donaldson, Lufkin & Jenrette, puts it, "What choice do many of them have? Utilities had traditionally borrowed short. Now with the prime rate approaching 16%, that route isn't a steal anymore—especially if a utility is usually only allowed a 13% return on equity, and earns maybe 11.5%. It's scary when you think about it."

Common stock financing? With so many utility stocks selling well below book value today, it's almost suicidal. Electric companies' common stock financing was often at discounts from book of 20% to 30%. Yet rate commissions often fail to grant timely and adequate relief. As long as such conditions prevail, the common stockholders of many utilities will have their property badly diluted.

But growth is slowing markedly. That means less pressure to raise new capital. Usage growth began slowing in 1975 and 1976, and slowed further in 1978 and 1979 from over 5% to about 3½% by the end of 1979. The forecast for 1980 is for only a 2½% or so increase in kwh sales. "High interest rates and lower load demands," claims American Electric Power's Chairman Willis (Pete) S. White Jr., "will keep our capital expenditure programs well within the earlier $1.9 billion estimates for 1979-80."

AEP's situation is fairly typical. Cutbacks will give the utilities some short-term breathing room, since current capacity is more than 20% greater than peak demand. Nonetheless,

Power to the people?

In May the 180,000 citizens of Fort Wayne, Ind. will decide whether to take over the estimated $70 million (assets) electric power facilities now owned by Indiana & Michigan Electric Co. and form a municipal power distribution system. Florida Power & Light, too, may soon have to defend its turf: Its 30-year franchise in Miami Beach expires in December 1981 and a referendum must be held on whether the city should extend the franchise or take it over.

In the past year public power advocates have raised the same issue in cities like New York, Buffalo, Detroit, Minneapolis, El Paso, San Francisco and Hartford. Among other things, without a 46% corporate income tax or shareholders' dividends, they argue, utility bills could be cut 35% or more. At the general taxpayer's expense, of course.

But last election day, Westchester County, N.Y. voters turned down a proposal to take over Consolidated Edison's $2 billion facilities there. Wall Street analysts saw the vote as a mortal wound to public takeover efforts. Explains one, "The economics for that kind of thing are wrong now."

Though a city must buy a system for its current value, it can finance the takeover through municipal bonds at 7% to 9%. But it loses property taxes and must raise capital improvement funds. Also, it risks protracted litigation. For example, little Massena, N.Y. has spent over $1 million fighting Niagara Mohawk Power over transmission rights since voters opted for a municipal system in May 1974.

There are now 2,224 publicly owned electric utilities in 48 states. Communities served by them save an average 26% per kilowatt-hour compared with those served by investor-owned companies. That discourages conservation (public power customers use 22% more power, too). But most public systems were not acquired through condemnation; they were publicly owned from their beginnings.

Since 19[illegible] far more public electricity agencies have gone out of business than have been taken over. Some have gone into joint ventures with investor-owned companies or with co-ops. Says Con Ed Senior Vice President Joyce Hergenhan, "The local governments refuse to bite the bullet to make repairs. They don't want to raise rates *or* taxes."

Perhaps that is why, when asked if public ownership in San Francisco is feasible, Pacific Gas & Electric's Stanley T. Skinner, executive vice president of finance, laughs: "That issue has surfaced nine times since 1927, most recently, late in 1979, and each time it's been defeated."

Maybe voters are not so gullible. Voters can see what public ownership has done to New York City garbage collection and Conrail. Corporate "greed" may look better than bureaucratic bumbling and featherbedding.

Utilities—Electric-Telephone

Yardsticks of Management Performance

	Profitability								Growth			
	Return on Equity				Return on Total Capital				Sales		Earnings Per Share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Northeast												
Long Island Lighting	13.4%	1	12.8%	0.8	7.4%	1	7.2%	15.9%	14.9%	2	3.6%	7
New England Gas & Elec	13.2	2	14.6	0.8	7.2	3	6.6	6.6	14.1	6	6.3	2
Penn Power & Light	12.7	3	13.4	0.8	7.2	2	6.8	21.0	15.3	1	4.3	4
New England Electric	12.2	4	14.3	1.0	6.7	9	6.2	8.9	12.5	12	5.3	3
N Y State Electric & Gas	11.7	5	12.8	1.0	7.1	4	6.6	14.3	13.9	7	3.7	6
Consolidated Edison	11.6	6	10.5	0.8	6.1	8	6.3	9.7	12.8	11	12.4	1
Niagara Mohawk Power	11.2	7	12.0	0.9	6.6	6	6.3	10.9	13.1	10	3.4	8
Public Service Electric & Gas	11.2	8	11.7	0.8	6.2	10	6.1	10.2	14.5	5	2.2	9
Delmarva Power & Light	10.9	9	11.7	1.0	6.7	5	6.3	12.4	14.8	3	–0.5	12
Rochester Gas & Electric	10.9	10	10.3	0.9	6.0	7	6.3	10.8	11.2	13	4.2	5
Northeast Utilities	10.5	11	10.3	1.1	5.6	11	5.8	9.7	10.2	14	–0.1	11
General Public Utilities	10.1	12	8.5	1.2	5.3	11	5.8	8.1	14.7	4	0.5	10
Philadelphia Electric	9.7	13	10.0	1.0	5.6	13	5.6	13.2	13.4	9	–0.8	13
Boston Edison	8.7	14	11.1	1.1	5.4	14	5.1	8.6	13.8	8	–2.8	14
Medians	**11.2**		**11.7**	**1.0**	**6.4**		**6.3**	**10.5**	**13.9**		**3.5**	
Midwest												
Public Service Indiana	14.9%	1	16.2%	0.8	7.4%	1	7.3%	19.0%	16.4%	11	7.4%	1
Indianapolis P & L	13.8	2	16.4	0.9	7.5	9	6.6	15.4	15.4	15	3.8	7
Wisconsin Public Svc	13.4	3	14.3	0.6	7.5	2	7.2	9.6	17.4	7	7.2	2
Cleveland Electric Illum	13.2	4	12.0	0.9	6.7	3	7.1	14.0	15.1	18	2.3	11
Northern States Power	13.2	5	13.7	0.7	6.7	13	6.3	11.9	14.5	21	4.2	5
Toledo Edison	12.8	6	11.7	1.0	6.7	10	6.6	16.6	18.6	2	0.7	17
Illinois Power	12.7	7	12.1	0.9	6.1	11	6.4	12.0	15.6	14	1.1	15
Kansas Power & Light	12.7	8	12.1	0.8	6.2	4	6.7	10.7	18.3	4	3.4	9
Cincinnati Gas & Electric	12.6	9	13.5	0.9	7.0	8	6.6	10.9	14.9	20	1.8	14
Central Ill Public Svc	12.5	10	14.1	1.0	7.2	14	6.3	12.3	17.6	6	1.0	16
Wisconsin Power & Light	12.2	11	13.2	0.7	6.6	7	6.6	9.7	17.1	9	4.1	6
Consumers Power	12.0	12	12.7	0.9	6.1	19	5.9	11.0	16.2	13	5.9	4
Union Electric	11.9	13	11.0	1.0	6.0	16	6.3	12.6	15.0	19	2.9	10
Wisconsin Electric Power	11.8	14	12.4	0.7	6.6	6	6.7	10.1	13.0	24	6.3	3
Allegheny Power	11.7	15	11.2	1.0	5.7	17	6.2	8.3	17.2	8	1.9	12
Columbus & So Ohio	11.7	16	10.1	1.0	6.3	5	6.7	13.9	18.0	5	3.8	8
American Electric Power	11.5	17	10.6	1.2	6.0	15	6.3	9.1	18.5	3	–0.3	20
Ohio Edison	11.1	18	9.6	1.0	5.9	18	6.0	12.0	16.3	12	–1.3	22
Dayton Power & Light	10.8	19	10.8	0.9	6.5	12	6.4	10.4	15.2	17	–1.0	21
Commonwealth Edison	10.6	20	10.0	0.9	5.5	20	5.7	12.3	13.5	23	0.4	18
Kansas City Power & Light	10.5	21	10.2	0.9	5.2	22	5.5	12.8	14.2	22	1.9	13
Duquesne Light	10.0	22	8.6	0.9	5.3	21	5.6	11.8	16.7	10	–4.2	24
Central Illinois Light	9.9	23	12.8	0.8	6.0	23	5.3	9.1	19.4	1	–3.8	23
Detroit Edison	9.4	24	10.5	0.9	4.6	24	5.0	7.9	15.4	16	–0.3	19
Medians	**12.0**		**12.1**	**0.9**	**6.3**		**6.4**	**11.9**	**16.3**		**1.9**	
Southeast												
Tampa Electric	14.0%	1	12.8%	0.8	6.2%	3	6.3%	8.9%	21.4%	2	7.8%	1
Florida Power	13.1	2	10.8	0.8	5.7	9	6.0	8.5	22.3	1	5.8	4
Florida Power & Light	12.6	3	12.5	0.9	6.3	2	6.4	10.7	18.5	7	6.9	2
South Carolina Elec & Gas	12.2	4	10.1	1.0	5.6	7	6.2	10.6	17.2	10	2.8	6
Middle South Utilities	12.1	5	12.8	1.3	6.4	10	5.9	11.5	17.7	8	2.0	7
Carolina Power & Light	12.0	6	12.3	0.8	6.4	6	6.2	16.6	20.1	4	4.6	5
Duke Power	11.8	7	13.4	0.9	7.0	5	6.3	18.2	17.3	9	6.2	3
Baltimore Gas & Electric	11.4	8	12.1	1.0	6.8	1	6.5	12.7	13.5	12	1.9	8
Louisville Gas & Electric	11.0	9	9.4	0.9	5.3	8	6.1	8.5	13.1	13	0.7	11
Potomac Electric Power	10.4	10	10.4	1.1	6.2	4	6.3	11.1	15.9	11	1.6	9
Southern Company	10.4	10	8.0	1.1	4.7	13	5.1	6.5	19.7	5	–0.7	13
Kentucky Utilities	10.3	12	11.5	0.9	6.1	12	5.6	9.7	18.6	6	0.9	10
Virginia Electric & Power	10.1	13	9.0	1.0	5.6	11	5.9	12.6	20.5	3	–0.5	12
Medians	**11.8**		**11.5**	**0.9**	**6.2**		**6.2**	**10.7**	**18.5**		**2.0**	

Utilities—Electric-Telephone

Yardsticks of Management Performance

	Profitability								Growth			
	Return on Equity				Return on Total Capital				Sales		Earnings Per Share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Southwest												
Southwestern Public Service	19.2%	1	15.7%	1.0	7.3%	1	8.2%	11.8%	21.5%	2	8.3%	1
Central & South West	14.1	2	14.4	0.8	6.8	4	7.1	10.8	19.7	4	4.5	4
Houston Industries	14.0	3	14.7	1.0	7.1	3	7.4	9.2	24.7	1	7.2	2
Arizona Public Service	13.4	4	12.2	0.9	7.2	2	7.5	17.4	19.8	3	5.4	3
Texas Utilities	12.9	5	12.4	0.9	6.7	5	7.1	12.5	18.5	6	4.2	5
Oklahoma Gas & Electric	11.5	6	7.5	0.9	4.5	6	6.1	8.5	19.3	5	-0.3	7
Gulf States Utilities	11.3	7	10.6	1.0	5.5	7	5.6	9.4	17.6	7	0.7	6
Medians	**13.4**		**12.4**	**0.9**	**6.8**		**7.1**	**10.8**	**19.7**		**4.5**	
West												
Pacific Power & Light	12.2%	1	11.6%	1.1	6.4%	5	6.5%	14.6%	19.9%	3	3.3%	2
Southern Calif Edison	11.7	2	14.0	0.9	7.6	3	6.7	13.8	15.6	7	5.2	1
Utah Power & Light	11.4	3	10.9	0.9	6.6	1	6.8	15.6	23.3	1	2.1	3
Pacific Gas & Electric	11.0	4	12.8	0.8	7.7	4	6.6	11.8	18.0	5	1.3	4
San Diego Gas & Electric	10.8	5	9.4	0.9	6.3	2	6.7	9.0	20.5	2	-0.7	5
Public Service Colorado	10.2	6	8.0	1.0	5.1	7	5.6	8.4	18.0	4	-1.4	6
Portland General Electric	9.6	7	7.8	1.2	5.4	6	6.1	16.7	17.4	6	-2.6	7
Medians	**11.0**		**10.9**	**0.9**	**6.4**		**6.6**	**13.8**	**18.0**		**1.3**	
Telecommunications												
United Telecommunications	17.7%	1	18.8%	1.0	8.1%	1	7.5%	10.9%	13.2%	2	9.2%	2
Central Tel & Utilities	17.0	2	17.8	0.9	7.3	2	7.4	11.0	14.1	1	9.8	1
General Tel & Electronics	15.0	3	15.0	0.9	7.2	3	7.1	6.6	11.6	3	9.1	3
Continental Telephone	13.1	4	14.9	1.1	6.9	5	6.2	10.3	9.8	6	3.0	6
American Tel & Tel	12.2	5	13.2	0.7	7.3	4	6.9	12.6	11.5	4	8.4	4
So New England Tel	10.9	6	11.8	0.7	6.3	6	6.2	10.3	10.4	5	5.4	5
Western Union	4.6	7	def	0.9	2.3	7	4.4	0.4	7.6	7	0.9	7
Medians	**13.1**		**14.9**	**0.9**	**7.2**		**6.9**	**10.3**	**11.5**		**8.4**	
Industry Medians	**11.8**		**13.0**	**0.9**	**6.4**		**6.5**	**10.9**	**16.1**		**2.9**	
All-Industry Medians	**15.1**		**16.7**	**0.4**	**11.0**		**11.0**	**5.3**	**18.1**		**18.1**	

Note: Explanation of Yardstick calculations on page 51.
def Deficit.

says analyst Gaylor, "You'll never get a utility to own up to the main reason they stretch out a project—that they've got a financing problem. They all would rather talk about a revision in the load forecast. If they had their druthers they would complete the projects sooner regardless of the short-term drop in demand." They know full well that construction delays only lead to higher costs in the future.

Take Chicago's Commonwealth Edison. Refused significant rate increases by the local pols, its return on investment fell to 10% and its bond rating on some issues was dropped from A to a speculative Baa. So Commonwealth withdrew from the bond market and delayed some construction. The inevitable result: higher costs in the future.

One way out of the financing bind is through joint venture programs. A few are already operating. Georgia Power and Florida Power & Light are negotiating for GP to sell part of a nuclear facility to FP&L. Says Gaylor, "Georgia Power just couldn't finance the program itself." Virginia E&P is also considering the sale of part of a new power facility to other big users. Duke Power has already sold part of its nuclear facility to a municipal power agency located in North Carolina.

Some hard-pressed utilities are resorting to off-balance-sheet financing. Portland General Electric entered into a $39 million leveraged-lease, coal-unloading-and-handling-facilities deal with Bank of America. Vermont's Green Mountain Power sold $6 million of bondlike certificates to its customers in 1979.

In some cases municipalities have banded together and floated tax-exempt bonds to finance new facilities and acquisitions to get power cheaper than buying from a utility.

A slowing of inflation would help rate increases to catch up with cost increases. Unless electrical utilities can get returns up, they will continue to be pinched by a market where long-term bonds go for 12% and the prime rate is at 15%-plus.

But take a look at the natural gas utilities. Gas now looks like one of our more promising energy sources; decontrol has made the difference. Once the drab part of the utility industry, they've blossomed into investment beauties, particularly since enactment of the Natural Gas Policy Act of 1978, allowing gas to flow from the intrastate market into the interstate market at equalized rates.

Despite the recession, gas industry earnings growth may only slow from about 10% to 12% in 1979 to around 7% this year. And return on equity should be a healthy 14% to 15% or so for the gas companies—more if this winter is severe.

Today the gas industry has about 10% more gas than it needs but most of that surplus may disappear by late 1982 or earlier. Meanwhile many gas utilities are actively searching for new sources of supply and investing in synthetic gas programs. Robert R. Herring, boss of Houston Natural Gas, says proudly: "Our subsidiary HNG Oil Co. discovered more than twice the amount of natural gas it produced during the year." Columbia Gas, normally a sedate transmitter of gas, generated some excitement with the announcement in September that a group of producers—in which it has a 5% interest—made an oil and gas strike off the coast of Newfoundland. Columbia also dropped its seven-year freeze on new customer hookups. Chairman Richard L. O'Shields of Panhandle Eastern Pipe Line poured $105 million into exploration in 1979.

As coal gasification develops, the gas industry will unquestionably have problems—with financing, with bugs in the processes, with environmentalists. But as Brooklyn Union Gas' Elwin S. Larson puts it: "People are becoming aware of

Utilities—Natural Gas

Yardsticks of Management Performance

	Profitability								Growth			
	Return on Equity				Return on Total Capital				Sales		Earnings Per Share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Producers & Pipeliners												
So Natural Resources	18.5%	1	17.1%	0.6	10.2%	1	9.6%	7.8%	17.5%	5	13.7%	1
Panhandle Eastern	18.2	2	21.1	0.8	10.7	3	8.9	8.9	19.3	3	11.6	2
Tenneco	17.0	3	16.5	0.8	8.8	2	9.2	5.2	17.1	6	10.3	4
Transco Companies	16.3	4	14.0	1.6	6.4	8	6.6	4.3	13.5	8	8.1	7
Texas Eastern	15.9	5	19.1	0.7	10.0	6	8.0	6.2	18.6	4	9.8	5
Texas Gas Transmission	15.4	6	15.8	0.8	8.5	4	8.3	4.6	14.6	7	9.5	6
ENSERCH	14.3	7	14.3	0.8	8.3	5	8.1	4.1	33.0	2	4.8	8
Coastal States Gas	13.7	8	17.6	1.0	8.1	7	7.0	2.1	36.3	1	10.8	3
El Paso Company	11.4	9	20.8	1.4	7.8	9	5.4	5.3	11.8	9	–2.3	9
Medians	**15.9**		**17.1**	**0.8**	**8.5**		**8.1**	**5.2**	**17.5**		**9.8**	
Pipeliners & Distributors												
Pioneer Corp	30.2%	1	30.8%	0.7	14.9%	3	14.2%	8.1%	30.9%	3	26.6%	3
United Energy Resources	29.2	2	26.5	0.4	18.0	1	15.8	3.7	27.5	5	44.6	1
Houston Natural Gas	27.7	3	22.0	0.5	13.2	2	14.9	7.7	34.9	1	31.0	2
Northern Natural Gas	19.0	4	18.2	0.5	10.3	4	10.0	7.6	19.0	7	17.9	4
Central Louisiana Energy	18.8	5	24.3	0.8	11.6	6	8.9	7.6	34.1	2	13.2	6
Northwest Energy	17.6	6	19.3	0.9	8.7	7	8.1	3.7	30.2	4	13.9	5
Arkansas Louisiana Gas	17.4	7	18.2	0.7	9.6	5	9.6	9.3	13.0	10	10.5	7
Peoples Gas	15.5	8	15.2	0.8	7.7	8	7.9	5.8	19.9	6	9.5	8
Amer Natural Resources	13.8	9	10.3	0.7	6.0	9	7.3	4.3	18.5	8	4.9	9
Columbia Gas System	12.1	10	13.1	0.8	7.3	10	6.5	5.6	15.3	9	3.9	10
Medians	**18.2**		**18.8**	**0.7**	**10.0**		**9.3**	**6.7**	**23.7**		**13.6**	
Distributors												
Entex	28.4%	1	26.5%	0.9	13.6%	1	13.5%	5.8%	35.5%	1	31.7%	1
Oklahoma Natural Gas	21.2	2	16.1	0.8	9.9	2	11.4	4.8	32.6	2	17.4	2
Southern Union	15.8	3	19.6	0.7	10.1	4	8.9	4.2	31.2	3	7.5	6
Minnesota Gas	15.6	4	19.0	0.8	10.9	3	9.4	5.2	21.6	4	7.6	5
NICOR	15.3	5	16.4	0.6	8.3	5	8.0	5.9	20.7	5	7.4	7
Laclede Gas	13.2	6	15.0	0.8	8.1	8	7.1	4.3	15.9	10	6.0	8
Consolidated Natural Gas	12.7	7	12.4	0.6	7.5	6	7.6	6.3	14.5	12	10.8	3
Wisconsin Gas	12.4	8	14.0	0.9	**		**	4.5	16.0	9	5.0	11
Brooklyn Union Gas	12.3	9	14.5	0.8	8.2	7	7.2	6.7	16.7	8	5.0	10
Atlanta Gas Light	12.1	10	10.4	0.8	5.9	12	6.4	2.6	14.7	11	8.9	4
No Indiana Public Svc	11.4	11	10.3	0.9	5.4	13	5.7	6.8	17.3	6	–0.9	14
Pacific Lighting	11.1	12	14.3	0.9	7.9	10	6.4	5.0	13.4	15	5.3	9
Gas Service	11.0	13	14.1	1.1	7.1	11	6.4	2.7	13.8	13	3.6	13
National Fuel Gas	10.4	14	11.7	0.8	7.5	9	6.9	4.2	16.8	7	4.4	12
Washington Gas Light	7.4	15	5.0	0.9	4.1	14	5.0	2.8	13.4	14	–1.0	15
Medians	**12.4**		**14.3**	**0.8**	**8.0**		**7.2**	**4.8**	**16.7**		**6.0**	
Industry Medians	**15.5**		**16.3**	**0.8**	**8.3**		**8.0**	**5.2**	**18.0**		**9.2**	
All-Industry Medians	**15.1**		**16.7**	**0.4**	**11.8**		**11.0**	**5.2**	**13.1**		**13.1**	

Note: Explanation of Yardstick calculations on page 51.

**Not available; not ranked.

the energy problem." The public and government will be more understanding of his industry's problems than they were of those the electrical utilities suffered earlier.

The telephone business was slowing as the recession took hold. The growth rate was down in AT&T's revenue and earnings, as Charles Brown, AT&T's chairman, acknowledged to his 3 million shareholders. In 1980 toll-message gains could fall to 6% to 7%, compared with a gain in 1979 of better than 10%.

Whatever people may think, telephones are not recession-proof. Steven G. Chrust, telephone analyst at the brokerage firm of Sanford C. Bernstein, says, "A number of analysts and managements were being lulled into a false sense of security based on the rapid growth in data communications. They figured the current oil situation would create a shift in communications patterns from travel to voice." They were saying the same things back in 1975, says Chrust, but toll volume that year fell to a ten-year low anyway. Surprisingly, Chrust finds that when passenger airline miles decline, toll demand also falls.

"People figured the oil situation would create a shift from travel to voice," says Chrust. They said the same thing in 1975, but toll volume growth hit a ten-year low anyway.

Independents, because they aren't national, are hit in varying degrees. Continental Telephone and Rochester Telephone may feel the recession less than the biggest independent, General Telephone & Electronics. General Tel has to contend with the California utility commission, which is dragging its feet on rate increases. Also, General's consumer manufacturing operations are experiencing a slowdown in earnings.

Chairman Charles Wohlstetter of Continental Telephone (revenues about $1 billion) says, "This year will not be a year of extraordinary jumps in earnings, but we're spending about $475 million in 1980 (up from $400 million)." The independents must invest now to contend with such new competitors as IBM, Xerox, MCI, Rolm and others offering telecommunications of voice and data.

Beyond the recession AT&T, with an R&D budget of close to $900 million, will be more formidable if the Justice Department modifies the 1956 consent decree barring AT&T from entering the computer business. Proposed overhauling of the 1934 Communications Act could create more competition. All that will make telecommunications as exciting a business as it is a technology. ■

As long predicted, soaring fuel prices and creeping deregulation have finally begun to turn the tide away from truckers and toward the railroads.

Transportation

THE INHERENT EFFICIENCIES of long-distance rail hauling may finally give the railroads an edge in what has for decades been a losing battle against over-the-road trucking. The equalizers, it appears, will be deregulation and the rise of fuel costs. The steel wheel on steel rails is more efficient than the rubber tire on asphalt.

Even before Congress acts, railroads and truckers face deregulation. An increasingly aggressive Interstate Commerce Commission is moving ahead through administrative actions. But for all their theoretical commitment to free enterprise, businessmen in regulated industries inevitably get nervous when faced with prospects of more competition. Reflecting their nervousness, such legislators as Senator Howard Cannon (D–Nev.), chairman of the Senate Commerce Committee, aren't pleased with ICC's de facto moves, and Cannon has warned the commission to back off. But the deregulation crusade is not likely to slow down. "The ICC," says Goldman, Sachs' analyst Michael Armellino, "is packed with deregulation advocates. Darius Gaskins, the new chairman, looks to be even more zealous than his predecessor."

The trucking industry is traditionally opposed to any significant deregulation. What the truckers fear, of course, is that deregulation would bring indiscriminate rate-cutting and unlimited competition on profitable routes. Cutthroat—and violent—competition almost destroyed the trucking industry in the 1930s. But that's hardly in prospect at this point because of the relative size and strength of the trucking companies today. Thus the trucking industry has lately altered its intransigence in the hope of getting off a little easier. Says John Pincavage, transportation analyst for Paine Webber Mitchell Hutchins, "The best thing they can do now is go to a fall-back position, hope for a compromise and basically slow down the rate of change." Maybe so, but they have been doing the best they can to preserve the status quo, buttonholing and entertaining congressmen. "All our eggs are now in the congressional basket," admits Bennett C. Whitlock Jr., president of the American Trucking Association. "I have no idea how we will fare in the final outcome, but I feel that we have a better chance in Congress than with the commission." A strange spectacle, that. Businessmen who supposedly love free enterprise fighting to preserve government regulation.

Deregulation is by no means the truckers' only worry. Last year the industry had to confront a major Teamster strike, an often violent independent truckers' strike and awesome rises in diesel fuel prices as well. "I think we could characterize 1979 as very chaotic," says M. Anthony Burns, executive vice president for finance and development of Ryder System, Inc. In that context, Burns was almost pleased with Ryder's 1% increase in third-quarter earnings. Others seem to be doing worse. After 25 years of consecutive earnings increases, Roadway Express, as of the third quarter, was expecting a down year. Yellow Freight System was forecasting a fourth quarter no better than the third.

Fuel price increases, only partially offset by rate hikes, promise to create traumatic dislocations for trucks versus rails. On certain heavy volume routes, long-haul trucking may become a thing of the past. Certainly there will be an increase in piggybacking (moving truck trailers by trains), particularly for long hauls. It has always made sense economically, if not politically.

The railroads also stand to benefit from their undisputed efficiency in moving bulk cargoes—coal, grain and the like. Says Southern Railway System Chairman L. Stanley Crane,

Getting used to deregulation

For a while recently, you couldn't get an airline executive on the phone. A string of calls produced repeated excuses of "tied up," "unavailable," even "laryngitis." Only TWA's President C.E. Meyer Jr. was willing to speak openly about prospects for the industry in 1980. But even he had nothing to say that you haven't heard before about the risks of forecasting in the face of "inflation, recession and the dramatic increase in the price of fuel."

For sheer bounce, 1979 was one of the liveliest years for the airlines since Blériot flew the Channel, what with all those cut-rate promotions and half-fare coupons. But the coupons, initiated by United to get up to the starting line after its two-month strike, did little for American, which compulsively followed suit, especially when the public outsmarted the carriers by booking cheap, short-haul flights (such as Washington-Norfolk and San Francisco-Oakland) to get coupons worth hundreds of dollars on long trips. Those manifestations of free enterprise were followed by a lively trade in coupons, which occasionally sold for more than the cost of the flights that generated them.

The promotion may have served some purpose for United, but a major effect on American was to fill flights to high-revenue Caribbean resorts all through the fall season—at half fares. The coupons and all those promotions produced high revenues and minuscule profits.

It used to be thought that if you filled all the seats, you'd somehow make out. But the half-fare binge distorted the basic economics of marginal costs and revenues almost beyond recognition. Worse yet, at present fuel prices, such aging planes as the DC-8 and the Boeing 707, even when filled, lose money every time they take off. The airlines, highly leveraged already, will have a tough time raising the capital they need to replace such aircraft. But that difficulty may also restrain their usual self-destructive desire to compete on the basis of new and dandier planes.

Deregulation, like freedom in any form, works best with responsibility. As the airlines get used to the prospect of real competition, they may even start benefiting from it.

Transportation—Air

Yardsticks of Management Performance

	Profitability								Growth			
	Return on Equity				Return on Total Capital				Sales		Earnings Per Share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Emery Air Freight	36.8%	1	39.4%	0.1	34.9%	1	35.9%	4.7%	19.4%	1	16.0%	4
Delta Air Lines	15.7	2	14.7	0.1	9.1	2	8.4	4.6	16.3	3	10.6	7
Braniff Intl	15.1	3	6.9	1.4	4.4	3	8.0	1.4	16.3	4	14.8	5
Western Air Lines	14.9	4	16.9	1.1	7.4	6	6.6	3.3	13.4	8	12.6	6
Tiger International	12.8	5	14.3	2.1	6.3	7	5.7	5.4	18.8	2	6.8	9
U S Air	12.0	6	16.9	0.9	11.6	5	6.6	4.2	14.5	6	27.6	2
American Airlines	10.3	7	12.3	1.1	6.5	8	5.6	3.2	11.5	11	D-P	
Northwest Airlines	9.7	8	10.5	0.1	7.2	4	6.7	6.9	13.7	7	10.5	8
UAL	8.9	9	def	0.8	0.1	11	4.5	def	11.2	12	28.5	1
Continental Airlines	8.2	10	def	0.9	1.9	9	5.1	def	13.1	9	17.6	3
Eastern Air Lines	7.8	11	9.4	2.4	5.5	12	4.5	1.7	12.1	10	D-P	
Pan Am World Airways	6.5	12	9.3	1.4	7.9	10	4.8	3.5	8.3	13	D-P	
Trans World	6.1	13	6.1	2.1	4.4	13	3.8	1.0	15.7	5	D-P	
National Airlines	3.3	14	def	0.1	def	14	2.4	def	7.7	14	–15.1	10
Industry Medians	**10.0**		**10.0**	**1.0**	**6.4**		**5.7**	**3.3**	**13.6**		**13.7**	
All-Industry Medians	**15.1**		**16.7**	**0.4**	**11.8**		**11.0**	**5.3**	**13.1**		**13.1**	

Note: Explanation of Yardstick calculations on page 51.
D-P Deficit to Profit; not ranked. def Deficit.

Transportation—Surface

Yardsticks of Management Performance

	Profitability								Growth			
	Return on Equity				Return on Total Capital				Sales		Earnings Per Share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Railroads												
Missouri Pacific Corp	27.8%	1	25.9%	1.2	12.1%	1	10.4%	9.0%	13.7%‡	3	20.6%‡	2
Southern Railway	12.0	2	14.9	0.6	8.2	3	6.9	11.2	9.2	7	12.7	7
Union Pacific	11.7	3	15.8	0.3	10.4	2	8.0	9.9	17.3	2	19.4	3
Norfolk & Western Ry	11.0	4	14.3	0.4	8.8	4	6.4	12.5	4.2	12	18.7	4
Chicago & North Western	9.3	5	def	3.7	1.2	11	4.2	def	9.1‡	8	–0.6‡	12
Santa Fe Industries	9.0	6	10.8	0.3	7.4	4	6.4	8.4	11.8	5	13.6	6
IC Industries	8.8	7	10.2	0.9	5.5	6	5.7	2.8	17.7	1	10.4	8
Chessie System	8.1	8	10.0	0.8	6.2	7	5.3	6.8	6.7	11	17.6	5
Seaboard Coast Line	7.2	9	9.4	0.9	6.3	8	5.3	5.6	10.9	6	3.6	11
St Louis-San Fran Ry	6.4	10	7.7	0.9	4.9	10	4.3	4.4	8.0	9	7.0	9
Southern Pacific	6.3	11	9.0	0.5	5.9	9	4.5	7.0	7.6	10	3.8	10
Burlington Northern	5.4	12	8.2	0.5	5.5	12	4.1	4.8	12.5	4	21.2	1
Chicago Rock Island	def	13	def	1.9	def	13	def	def	2.2	13	D-D	13
Medians	**8.8**		**10.0**	**0.8**	**6.2**		**5.3**	**6.8**	**9.2**		**13.7**	
Truckers												
RLC Corp	26.1%	1	36.5%	1.9	13.2%	6	9.6%	8.5%	8.8%	8	76.0%	1
Leaseway Transportation	24.5	2	23.6	1.5	10.1	5	10.2	4.7	13.4	6	18.8	4
Roadway Express	22.7	3	18.5	0.0	17.2	1	21.5	5.0	16.2	3	16.3	5
Yellow Freight System	22.6	4	12.8	0.1	9.6	3	15.9	3.2	18.4	2	15.2	6

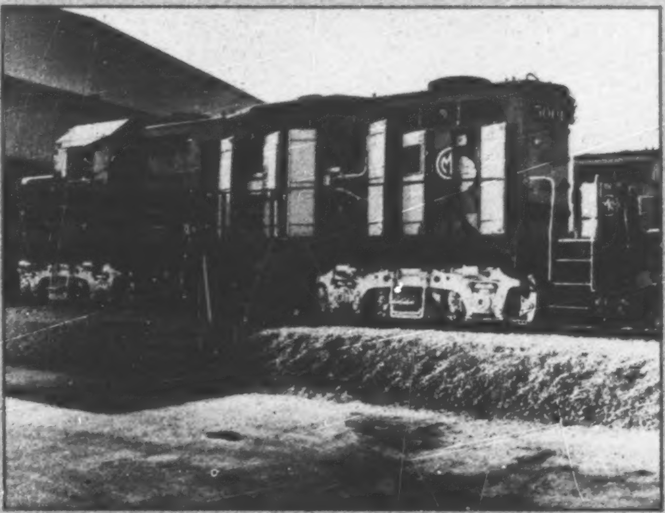
Transportation—Surface

Yardsticks of Management Performance

	Profitability								**Growth**			
	Return on Equity				Return on Total Capital				Sales		Earnings Per Share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Consolidated Freightways	22.3	5	23.0	0.1	19.1	2	17.4	4.0	13.8	5	20.4	3
Ryder System	20.6	6	23.0	1.6	9.2	7	8.7	4.4	19.4	1	35.0	2
McLean Trucking	15.9	7	5.0	0.8	4.4	4	11.4	0.9	16.1	4	8.6	7
Allied Van Lines	6.2	8	def	0.9	0.5	8	5.6	def	10.2	7	–7.3	8
Medians	**22.5**		**20.8**	**0.6**	**9.9**		**10.8**	**4.2**	**15.0**		**17.8**	
Other Surface Transportation												
Gelco	21.3%	1	23.9%	4.5	7.0%	5	6.4%	5.2%	66.8%	1	32.8%	2
Transway Intl	19.1	2	20.4	0.3	16.2	1	15.4	3.8	8.9	4	13.9	3
Moore McCormack Res	19.1	3	16.8	0.7	9.8	2	10.8	9.6	22.0	2	50.8	1
Greyhound	12.3	4	15.8	0.7	10.3	3	8.8	2.4	6.1	6	3.1	4
Alexander & Baldwin	9.2	5	10.1	0.5	7.5	4	7.8	7.3	8.2	5	–1.1	5
Seatrain Lines	7.3	6	def	20.6	def	6	3.1	def	17.3	3	D–D	6
Medians	**15.7**		**16.3**	**0.7**	**8.7**		**8.3**	**4.5**	**13.1**		**8.5**	
Industry Medians	**11.7**		**12.8**	**0.8**	**7.5**		**6.9**	**4.8**	**11.8**		**13.9**	
All-Industry Medians	**15.1**		**16.7**	**0.4**	**11.3**		**11.0**	**5.3**	**13.1**		**13.1**	

Note: Explanation of Yardstick calculations on page 51.
‡Four-year growth. D-D Deficit to Deficit. def Deficit.

Economy model



Compared with trucks, railroad trains are a fuel-efficient means for moving freight. The railroads claim they get 220 revenue-ton miles per gallon *vs.* only 70 for trucks. Nevertheless, rising fuel oil prices are a serious problem for the low-profit railroad industry. Its fuel costs have risen from 38 cents a gallon to 73 cents since last January, and $1 a gallon is probably not far off. Since the rail industry uses 4 billion gallons a year, we are talking about big money. At $1 a gallon, the industry's fuel bill will have risen $1.1 billion in just six months or so. Compare this with the estimated $500 million the entire industry earned in 1979.

Railroaders say they are doing the best they can to cut back on fuel by using the 20-year-old concept of the unit train—strings of cars hooked together and never broken up—larger and more easily handled boxcars and hoppers and lighter piggyback trailers.

Cutbacks in fuel use by locomotives have lagged. But help is on the way. Morrison-Knudsen says its fuel-saver remanufactured locomotive *(see photo)*, designed for branch lines and yard service, will save 10% of the cost of fuel (roughly $40,000 a year). At the other end of the spectrum, General Motors has revealed that within a year a new turbocharged engine will power a mainline locomotive, complete with radar and special traction gadgets. GM concedes this model should save 3.3% of today's fuel cost. But that's because this engine, like most of the other 27,900 locomotives in service around the country, is already pretty fuel-efficient.

These new, turbocharged engines could take perhaps as much as five or more years to have much impact. In the last two years the railroad industry has bought or rebuilt a record 4,000 or so locomotives, but, needless to say, financing has been a problem.

So railroads are looking toward small fuel savings through such things as improved refueling techniques and even alternative fuels. While the effects of the new locomotives and of conservation may seem small, any percentage gain is significant when you consider the enormous total consumption involved.

"Because of greater efficiency in the use of fuel, there will be a gradual shift over to railroads."

The railroads, of course, will need all the freight they can get. This sickest segment of the transportation industry—with no better than a 2.26% return on equity even in good times—has steadily lost share in the intercity traffic market over the past decade, and now has only 35.8% of it, *vs.* 41.2% ten years ago. However, compared with 1978, when the industry was burdened with strikes, last year looked good.

The high price of energy actually benefited railroads with large holdings of natural resources—coal and oil and natural gas. Reflecting this energy play, the stock prices of Burlington Northern, Santa Fe and Union Pacific went up an average of 60% over the past year. The Santa Fe produces about 44,500 barrels of oil a day, about half of which is a heavy oil that brought $5.50 a barrel until deregulation. Now they are getting about $18.

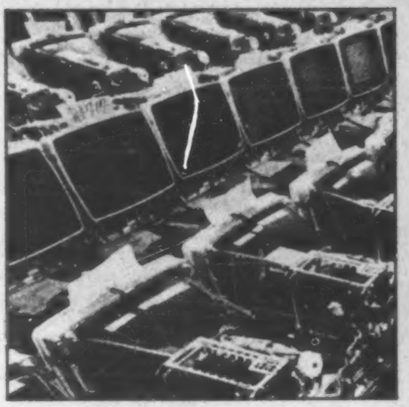
Complete deregulation may not be in the cards, but chances are overwhelming that the country will get increasing doses of it in the future—regulation seems to be an idea whose time has gone.

Railroaders want deregulation, mainly because they want the freedom to abandon unprofitable trackage and manipulate rates. "The railroads would compete a lot better with the trucks if they didn't have to serve all the communities they are serving," says Armellino.

If trends for the first nine months of 1979 hold in the last quarter, railroad earnings will probably be up from $307 million to some $500 million (and might even approach $600 million) this year, even though traffic slowed in the first nine weeks of the fourth quarter, when traffic in automobiles and forest products dropped. Says Downing B. Jenks, president of the Missouri Pacific Railroad, "This year should be about the same as 1979." Efficient roads like the Southern should fare well in 1980.

Complete deregulation of rail and trucking may not be in the cards, but the chances are overwhelming that the country will get increasing doses in the years to come—regulation seems to be an idea whose time has come and gone. Could it be then that the railroads are really on the verge of their long-predicted renaissance? That oil prices and deregulation have changed the odds? That this time the tide really has turned against the truckers? This is an area where predictions are especially dangerous, but it could well happen. ■

Right now it looks as though some IBM problems will give the competitors a reprieve this year. They need it.



Information processing

WHEN WILL THE OTHER SHOE DROP? IBM threw the industry into a pricing uproar last January with its new medium-size computers. The 4300 series did such things as bring Itel to the brink of destruction and cause the price of Amdahl stock to drop 60%. But everyone knows IBM has another shock for the industry—new large-scale computers to go with the medium-size ones. The new series has a name already, the H Series, even though IBM has yet to acknowledge its existence. IBM keeps its plans to itself, but the H Series was supposed to be coming to market about now.

But it isn't—at least not soon. Frank Kline, director of industry studies at International Data Corp., the computer consulting and market research firm, explains the reason:

"IBM is delivering some 4341s using old 16K memory chips instead of the much newer, more dense 64K chips they were supposed to have. To avoid lengthy delivery delays and customer defections, they are buying 16K chips from other semiconductor suppliers. That means they're having important production problems on the 64K chips. They need 64K chips for the big computers, and if they can't supply enough for the medium-size models, how can they hope to supply the big ones when they come out?"

The guessing now is that the other shoe will drop late this year—or early next—but actual deliveries won't come until well into 1981. But, says analyst Gideon Gartner, whose Gartner Group qualifies as one of Wall Street's leading IBM-watchers through its association with Dillon Read, don't look for the reprieve to have spectacular effects on the bottom line for the competition. IBM has been cutting sale prices much more than lease rates on its existing large computers. Says Gartner: "I think margins in general peaked in 1979, and will be under pressure in 1980." Gartner expects IBM, however, "will be starting to come out of the technical problems caused by its new product introductions. It will be coming down the

The doctor's winning formula

In his plain office in Wang Laboratories headquarters, reserved Dr. An Wang flips through customer letters, unusually chatty after his recent analysts' meeting. "You know, IBM was 1,000 times bigger than us ten years ago. This year they will be only 50 times bigger," he jests, smiling behind his pipe. "Exponentially, we're gaining on them."

"The doctor," as everyone at his company refers to him, is a spare, bright-eyed CEO who taught at Harvard and did pioneering work on magnetic core memory, the basis for all modern computer technology. He founded the company in 1951.

Wang Labs is the exuberant little guy among the computer giants. Its word and data processing systems with CRT displays, its virtual storage systems and two new hybrid systems that combine word and data processing help Wang perform spectacularly. Stock bought in October 1977 for $10 a share was worth $66 after last June's stock split.

In fiscal 1979 (June 30), revenues climbed 62% to $322 million, earnings 83% to $29 million, or $1.17 a share. With a $163 million backlog—in this recession year—Wang should earn over $1.60, up 37%. No wonder Wang could sell over a million new shares to the public in August, even though the computer securities were under pressure from IBM's earnings weakness and huge debt offering.

The doctor is a dominant force, but he is surrounded by strong managers and a young, aggressive staff. Number two man John Cunningham, 36, is a burly, candid M.B.A. with a South Boston accent who explains, "We work hard to create an atmosphere where good people can motivate themselves—it's one of the hottest development atmospheres around."

In 1972 Wang's main market was calculators. When the bottom fell out, the company moved up to small business computers and word processors. In 1976 two top managers split over whether the company should pursue word or data processing. The doctor gave them both the okay. But they had to use most of the same components. So Wang was first to offer integrated office-of-the-future systems.

Dr. Wang wants to be sure of getting good people. His family organized the Wang Institute of Graduate Studies. "The schools just aren't turning out the practical, development-oriented people we need," he says.

Meanwhile, Wang's overseas operation got massacred last year, generating 33% of revenues but no profit. As Cunningham told analysts: "We just didn't have the hands-on guidance we have here." Even so, the company brought 8.9% of revenues down to net—24.4% of North American revenues. Imagine if Europe starts making money, too.

learning curve of production at the factory, and will finally be shipping the [new] 4300s in quantity. The other manufacturers still have to cope with their versions of those problems—they lag IBM in the cycle—and cope with the 4300 at the same time." Which is just another way of saying that IBM, as usual, has the competition jumping just to keep up. Again excepting IBM with its new product, 1980 promises to be a relatively slow year in the computer business. International Data Corp. is forecasting only a 12% or so increase in shipments for the industry—slow growth by computer standards. Harry Edelson, the normally exuberant computer and telecommunications analyst for Drexel Burnham Lambert, is predicting earnings gains this year only in the 10%-to-15% range for IBM, Burroughs, Control Data and NCR—and less than 5% earnings gain for more cyclical Honeywell.

Software and services in many small systems cost as much as or more than the hardware. The time is not far off when software will become more than 50% of most systems—perhaps within five years.

This year is just another way station on the route as the computer technological revolution continues to transform society and, in the process, continually transforms itself. Take the apparent IBM push in mainframe computers. "The other mainframers are being crowded by IBM on several fronts," asserts Gartner. "Data security, mass storage systems, nonimpact printers—the whole industry benefits from explosive demand growth, yet I see no reason why that trend should reverse in the foreseeable future, not if IBM is spending $1.1 billion a year on research and each of the others is spending $150 million, and if IBM is getting more pragmatic about some of its blue-sky, dead-end projects.

"The others will be less successful proselytizing users and have to look to their existing customer bases. They will have to develop specialized niches of their own, where they can hold on to and remain competitive against IBM. If you're a Burroughs, and your mainframe business, net of loss to IBM and others, is growing around 8%, maybe you can develop enough diversification both internally and externally to bring your corporate growth rate up to 14%. But as you do, the part growing at 8% will gradually become less of the whole."

So Control Data already concentrates on computer services as well as the very large scientific computers; NCR concentrates on retail-chain systems; and Honeywell pushes ever harder into the minicomputers and distributed-processing

Information Processing

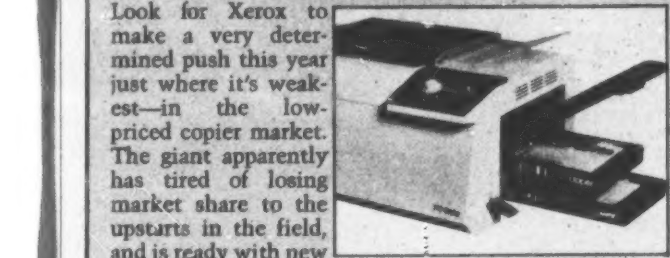
Yardsticks of Management Performance

	Profitability								Growth			
	Return on Equity				Return on Total Capital				Sales		Earnings Per Share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Computers												
Computer Sciences	41.0%	1	31.5%	1.2	16.1%	7	15.6%	4.3%	16.4 %	9	D-P	
Amdahl	32.3††	2	17.4	0.2	15.8	1	36.7††	9.9	**		**	
Storage Technology	27.2	3	32.6	0.6	21.9	6	16.0	8.6	44.8	2	53.7%	1
Data General	24.0	4	24.5	0.3	20.7	2	23.1	9.8	49.5	1	39.6	3
IBM	21.9	5	22.3	0.0	21.8	3	21.2	13.4	13.5	11	13.9	12
Wang Laboratories	21.3	6	31.1	0.9	19.1	10	14.5	8.7	32.3	5	25.5	6
Automatic Data Processing	21.3	7	21.3	0.1	17.9	4	19.9	8.9	29.4	6	22.7	7
Hewlett-Packard	18.0	8	19.6	0.0	18.9	5	17.4	9.1	21.7	8	22.6	8
Digital Equipment	17.0	9	17.4	0.3	14.7	9	15.5	10.1	37.4	3	32.8	4
NCR	16.7	10	17.2	0.3	14.9	12	12.5	7.9	8.7	14	42.1	2
Itel	15.3	11	def	2.6	def	15	7.8	def	34.9	4	29.6	5
Burroughs	14.5	12	15.0	0.1	13.5	11	12.5	10.6	13.8	10	16.0	9
Sperry	14.2	13	15.1	0.3	10.9	13	10.3	5.6	10.3	13	14.8	11
Honeywell	12.3	14	16.7	0.2	12.7	14	9.2	5.8	7.4	15	11.6	13
Control Data	7.4	15	11.0	0.4	8.6	16	6.0	3.8	13.0	12	16.0	10
Memorex	**		26.2	0.7	12.9	7	15.6	5.8	27.1	7	D-P	
Medians	**18.0**		**18.5**	**0.3**	**18.4**		**15.8**	**8.7**	**21.7**		**23.7**	
Copiers & Office Equipment												
Savin	44.7 %	1	52.3%	0.9	34.3%	1	32.5 %	11.2%	31.1%	1	68.8%	1
Pitney-Bowes	19.0	2	21.6	0.4	15.0	4	13.0	6.1	13.0	5	35.4	2
Moore Corp	18.3	3	20.0	0.2	16.0	3	13.9	6.9	15.4	4	9.7	3
Xerox	17.8	4	19.1	0.3	16.3	2	14.4	8.1	15.5	3	9.0	4
Nashua	14.6	5	21.7	0.3	16.9	5	10.9	4.4	17.6	2	8.1	5
AM International	2.1	6	0.6	0.4	1.9	6	2.7	0.2	6.8	6	−12.8	6
Bell & Howell	def	7	def	0.3	def	7	0.0	def	5.8	7	P-D	7
Medians	**17.8**		**20.0**	**0.3**	**16.0**		**13.0**	**6.1**	**15.4**		**9.0**	
Industry Medians	**17.8**		**18.6**	**0.3**	**15.8**		**14.4**	**7.9**	**16.0**		**19.3**	
All-Industry Medians	**15.1**		**16.7**	**0.4**	**11.8**		**11.0**	**5.3**	**13.1**		**13.1**	

Note: Explanation of Yardstick calculations on page 51.

††Three-year average. P-D Profit to Deficit. D-P Deficit to Profit; not ranked. def Deficit. **Not available; not ranked.

Fallout for Xerox from a falling out?



Look for Xerox to make a very determined push this year just where it's weakest—in the low-priced copier market. The giant apparently has tired of losing market share to the upstarts in the field, and is ready with new low-priced copiers of its own.

Meanwhile, the upstarts, Savin Corp. and Nashua Corp., and their Japanese supplier, Ricoh Co., have ended the agreement by which the three split the world up three ways to market the Savin-designed, Ricoh-built machine. Now the three will be battling among themselves. Savin, which is a dwarf next to Xerox ($300 million revenues *vs.* more than $6 billion), will have to learn how to manufacture its own copiers. Nashua has an even tougher problem though it is twice as large as Savin. It will not only have to manufacture a machine but also have to build up a U.S. sales network. (Nashua's contribution was a sizable overseas sales net.) Meanwhile, Ricoh is throwing away its best marketing channels in breaking with the two companies.

So it looks like Xerox may have a shot at this market, too.

fields, which are hot now and where IBM is just becoming aggressive.

The cost per unit of computing power drops 15% a year, except for years like 1979 when it drops faster, while the cost of associated software and services slowly rises, being labor-intensive. Consequently, the very area IBM itself seems to be pushing hardest, mainframe hardware, is gradually declining in *relative* economic importance. Already, software and services in many small systems cost as much as or more than the hardware. Overall, they now average about 35% to 40% of a systems package (though only 5% to 10% is expressly billed as software and maintenance to the user). The time is not far off when the lines will cross and software will become more than 50%—Gartner guesses well within the next five years. Then the big dollars in the computer business will more and more be found in the peripherals, the software and the services. Even for mainframer IBM, maybe $7 billion of its 1983 $33 billion of revenues in data processing will be software.

This swing toward software is creating a serious bottleneck. Only 19,000 electronics engineers came out of school last year, while 32,000 were needed, mostly in software applications. One main reason minicomputers—and hence producers like Data General and Digital Equipment—are growing perhaps 25% a year instead of even more is their inability to supply enough kinds of software and services for all the possible applications.

Another pressing problem is communications: the simple transmission of data from one place to another, terminal to computer or computer to computer. Already the cost of leased telephone lines is burdensome to owners of far-flung systems—people like Sears, Roebuck and Ford Motor. That's why IBM and others have got together to offer satellite systems to bypass the phone lines (FORBES, *Nov. 1, 1977*).

Progress in both these areas should mean further growth for service companies like Automatic Data Processing and Computer Sciences. A subindustry of tiny software "boutiques" may emerge to go with the estimated 3,000 small-systems companies that already exist.

Meanwhile, what of the plug-compatible producers (whose equipment fits with IBM's)? Those that can survive the current price revolution will have a bright future. "Users will always want to second-source IBM," points out Gartner, who can see himself recommending Amdahl again one of these days—though not now. "Maybe after they respond to the H Series. It's not a question of their survival," he says. "It's just that earnings per share may well get worse for them before they get better."

How far will the technology advance? The makings for the next eight or ten years are already working in the labs. This next generation will incorporate so-called Josephson junctions, which will multiply computing power by using the superconducting properties of certain metals cooled to near absolute zero. Electron-beam masking technology has been developed, and should shrink the size and hence the inherent costliness of a processing unit by another order of magnitude, that is, by another factor of ten. We have already come down four or five orders of magnitude from the early postwar days of the first vacuum-tube ENIAC, and there are at least three more to go before the laws of quantum mechanics call a halt to the advance.

Meanwhile, the surface has only been scratched in finding new ways of exploiting existing technology, never mind ways to use the new. ■

Even a moderate recession might well deliver a devastating blow to some middle-level retailers.

Retail distribution

Howard Davidowitz, the man in charge of national retail consulting services for the accounting firm of Ernst & Whinney, puts a few forkfuls of food into his mouth, swallows and talks about what it will take to survive as a retailer. "The businesses that are most threatened now," he says, "are the medium-size guys who don't have access to financial markets, high promotion and high talent. They will be aggressively acquired by Americans and foreigners, if only from the perspective of its being cheaper to buy than to build." Davidowitz chomps on his cigar and goes on. "To stay put and do business as usual is the most dangerous thing that management can do," he says. "What they have to do is get up and get going, or sell out fast if they can't stomach it."

Retailing is changing as big companies get bigger in what is a slow-growth industry. The 28 largest general-merchandise retailing companies now account for 41% of the sales dollar, up from 36% in 1974. For the most part, those gains come out of someone's hide, rather than from an expanding market. "It's like being in the brokerage business," says Stuart Robbins, a retail industry analyst with Paine Webber Mitchell Hutchins. "You have to climb over the dead bodies to get ahead." Mighty Sears, Roebuck can testify to that: A good part of K mart's gains came from Sears' hide.

If Sears is vulnerable, how much more so are some middle-size retailers and specialty chains, which are facing increasing competition from the big boys who are pushing to keep their

Retail Distribution

Yardsticks of Management Performance

	Profitability								Growth			
	Return on Equity				Return on Total Capital				Sales		Earnings Per Share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Department Stores												
Dayton Hudson	23.1%	1	20.6%	0.3	17.0%	1	16.1%	5.1%	13.7%	2	31.8%	1
Mercantile Stores	15.5	2	14.7	0.4	10.8	3	12.6	4.1	12.2	5	12.5	6
Federated Dept Stores	14.7	3	13.1	0.2	10.9	2	13.2	3.5	12.6	4	10.4	8
R H Macy	14.7	4	18.4	0.5	12.7	6	9.7	4.0	9.7	9	15.7	4
Allied Stores	14.0	5	13.7	0.6	9.6	8	9.4	4.0	6.4	14	19.4	3
May Dept Stores	13.7	6	13.8	0.7	9.1	9	9.0	3.6	10.5	7	13.7	5
Garfinckel Brooks Bros	13.4	7	14.6	0.8	9.6	7	9.6	3.6	10.3	8	8.5	9
Carson Pirie Scott	13.0	8	12.7	0.7	8.2	11	8.4	2.9	5.8	15	19.6	2
J C Penney	12.9	9	10.5	0.4	8.3	4	10.9	2.2	11.3	6	8.2	10
Carter Hawley Hale	12.8	10	13.2	1.0	7.7	12	8.4	2.9	13.6	3	5.8	13
Sears, Roebuck	12.6	11	12.3	0.3	10.1	5	10.5	5.0	7.8	11	6.1	11
Strawbridge & Clothier	10.7	12	10.4	0.7	7.3	10	8.5	3.2	9.3	10	11.0	7
Dillard Dept Stores	9.9	13	10.0	1.6	5.6	16	6.6	1.9	19.3	1	5.9	12
Gamble-Skogmo	9.3	14	10.4	2.1	7.0	14	6.9	1.1	5.1	17	–0.1	16
Associated Dry Goods	8.9	15	8.7	0.3	7.1	13	7.4	2.5	7.8	11	0.6	15
Marshall Field	8.1	16	8.6	0.4	6.2	15	6.8	2.4	7.6	13	–0.8	17
Alexander's	7.1	17	6.3	1.2	4.6	17	4.6	0.9	5.4	16	4.1	14
Goldblatt Brothers	0.1	18	def	1.0	def	18	1.4	def	3.8	18	–47.0	18
City Stores	def	19	def	0.9	def	19	def	def	–1.4	19	D-D	19
Medians	**12.8**		**12.3**	**0.7**	**8.2**		**8.5**	**2.9**	**9.3**		**8.2**	
Discount & Variety Stores												
Wal-Mart Stores	30.4%	1	27.7%	0.8	17.7%	1	22.1%	3.1%	40.2%	1	35.7%	1
Caldor	23.9	2	26.2	1.3	13.5	2	16.9	3.5	22.3	2	21.5	3
K mart	20.1	3	18.9	0.8	12.5	3	15.8	2.9	20.2	4	21.5	3
Kings Dept Stores	19.7	4	18.0	1.0	10.5	4	15.5	2.8	12.2	8	13.8	5
Household Finance	15.7	5	17.4	2.0	7.2	9	7.3	3.7	12.4	7	9.0	8

volume up and are becoming nationwide companies. With little growth in the market, merger and acquisition becomes the chief road to fast expansion by the big chains. Thus, last year May Department Stores swallowed Volume Shoe Corp., and Allied gobbled up 12 Bonwit Teller stores.

High interest rates and rapidly rising construction and operating costs have made building big new stores costlier than ever, which makes it harder for the marginal companies to stay even. "With interest rates at alltime highs, 1980 will not be a year for major store renovations or capital expenditures that require long-term payout," says Angelo Arena, president of Chicago's Marshall Field.

> ***"With interest rates at alltime highs, 1980 will not be a year for major store renovations or capital expenditures that require long-term payout."***

Shortage of capital is causing some retailers to look to unorthodox ways of raising money. Dayton Hudson Corp. sold its shopping centers to raise cash for expansion—a deal that brought in so much more than book value that it made Dayton Hudson the five-year leader in return on equity.

In this unsettled situation, the 1980 recession is certain to cause casualties. For two years now, retailers have expected a slowdown, but it hasn't arrived. This time it is almost certain that, early in 1980, big heating bills (especially in the Northeast), a drop in consumers' real income and the Fed's credit-tightening will combine to prevent consumers from continuing the buying that kept retailers going in 1979. According to the Gallup Organization's Jay Schmiedeskamp, "People are just plain out of money, and that causes a cutback across the board."

Assuming that the recession does not turn into a depression, however, stores at the higher-priced end of the retailing spectrum should hold up fairly well. "Our specialty stores are really flying high," says David Waters, CEO of Garfinckel, Brooks Brothers, Miller & Rhoads, not exactly at the low-priced end of the business. W.A. Andres, chairman of Dayton Hudson, says, "Consumers will limit their purchases to high quality merchandise, but they will be getting along with one good suit rather than two of lesser quality."

Inflation has changed people's attitudes toward money. They would rather hold objects than money. But they aren't

Retail Distribution

Yardsticks of Management Performance

	Profitability								Growth			
	Return on Equity				Return on Total Capital				Sales		Earnings Per Share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Hartfield-Zodys	15.6†	6	16.7	1.9	8.5	5	14.5	1.9	5.0	13	D-P	
F W Woolworth	11.6	7	14.2	0.7	8.8	8	7.9	2.4	11.4	9	9.1	7
Kuhn's-Big K Stores	11.3	8	3.9	1.3	5.1	6	10.5	0.4	21.2	3	2.1	11
Rose's Stores	10.7	9	11.0	0.3	9.5	7	9.7	1.4	10.4	10	9.0	9
Rapid-American	9.8	10	17.1	3.3	6.8	13	5.8	1.5	–0.5	15	24.6	2
Zayre	8.7	11	9.5	1.4	6.3	12	5.8	0.9	7.5	12	6.8	10
Pamida	6.1	12	def	0.5	1.5	10	6.5	def	16.6	6	–9.1	13
G C Murphy	5.6	13	3.6	0.6	3.9	14	5.0	0.7	8.3	11	–3.5	12
Wal-Mart	4.9	14	def	1.7	def	11	6.2	def	19.4	5	–12.7	14
Cook United	3.8	15	6.2	1.1	5.0	15	3.6	1.1	–6.6	16	10.8	6
Vornado	1.6	16	2.7	0.7	3.4	16	2.7	0.6	0.6	14	–22.4	15
Medians	**11.0**		**12.6**	**1.1**	**7.0**		**7.6**	**1.5**	**11.3**		**9.0**	
Drug Chains												
Longs Drug Stores	22.9%	1	21.3%	0.0	21.3%	1	22.9%	3.6%	18.4%	6	17.4%	7
American Stores	20.4	2	22.7	0.5	17.7	4	16.9	1.7	25.2	2	24.2	1
Rite Aid	20.1	3	21.6	0.2	16.7	3	17.2	4.1	20.8	5	23.7	2
Pay'n Save	20.0	4	17.0	0.8	11.9	5	16.4	2.8	27.6	1	22.1	3
Revco D S	19.9	5	20.5	0.2	17.3	6	16.1	3.6	25.0	4	20.4	4
Pay Less Drug NW	19.3	6	18.3	0.8	11.3	7	15.4	3.0	16.8	7	18.0	6
Jack Eckerd	18.8	7	18.1	0.0	17.4	2	18.2	4.4	25.2	2	18.4	5
Sav-On-Drugs	14.3	8	16.0	0.5	13.9	8	13.3	2.2	14.1	8	12.7	8
Walgreen	13.9	9	19.7	0.5	13.8	10	9.8	2.3	6.7	13	11.7	9
Gray Drug Stores	11.9	10	7.8	1.4	6.1	11	9.6	0.9	10.4	11	7.7	10
Thrifty Corp	11.0	11	15.1	0.5	12.8	12	8.8	1.7	12.2	10	4.0	12
Pay Less Drug (Cal)	10.9	12	9.3	1.5	6.1	9	10.2	1.0	12.5	9	2.0	13
Peoples Drug Stores	10.2	13	15.1	0.6	11.0	13	8.4	1.4	9.2	12	7.2	11
Medians	**18.8**		**18.1**	**0.5**	**13.8**		**15.4**	**2.3**	**18.8**		**17.4**	
Specialty Retailers												
Tandy	42.0	1	45.7	1.1	23.6	3	27.2†	7.1	27.3	4	56.2	2
Service Merchandise	39.3	2	26.5	1.3	13.8	5	25.1	3.3	47.2	1	55.7	3
Avon Products	32.4	3	32.9	0.0	32.7	1	31.4	10.8	11.5	14	10.7	11
Petrie Stores	30.5	4	26.8	0.0	26.7	2	30.5	10.7	17.2	7	23.6	8
Melville	28.6	5	26.3	0.2	24.5	4	26.4	4.8	19.0	6	21.7	9

If Penney's goes, can Sears be far behind?

One of the traditions of American retailing has been that national department store chains accept only their own credit cards. That policy, started long before bank cards became popular, helped Sears become the nation's largest retail credit card issuer, and made the card a good sales tool binding the customer to the chain. Also, when money was cheap, having their own cards gave retailers a nice interest income on the side. Not only did the store make money selling you merchandise, but it turned a dollar on the financing, too.

But the days of major department store chain exclusivity may be ending soon, thanks to 13% short-term money and a decision by J.C. Penney—the number two department store chain behind Sears—to start accepting Visa cards at all its stores. Penney's, with more than $2.6 billion in card credit outstanding, began taking Visa in October and hopes to start taking Master Charge this year.

Why did Penney give in? Paul Kaltinick, a Penney vice president, says that by accepting Visa cards the company will have a sales tool that will take market share away from other chains. "We felt we were missing too much business" by not taking bank cards, he said.

Another reason for the change, of course, is that taking bank credit cards sticks the banks with the financing problems. Money costs 13%-plus, one-third of your customers get a free ride by paying their bills in full, the others pay an average of 15% interest and maybe 3% are deadbeats. You can drop a lot of money on this kind of financing. "Our objective has been to try to break even on the credit and make our money on the merchandise," Kaltinick says. In fact, he adds, Penney's credit card operation "is a loss center at the moment."

Penney also has less to lose from an erosion of credit card business than major rivals Sears and Montgomery Ward. Penney came late to credit cards—it only began offering them in 1958—and does under 45% of its sales on credit, compared with 55% to 60% for other major chains.

It's too early to tell how much of Penney's Visa business will come at the expense of Penney's own credit card. Because the saving from handling fewer transactions with its own card is almost nil, any erosion of Penney's credit card business would raise the per-transaction cost. Kaltinick won't say how much it cost Penney to handle its own card, but asserts it is less than what Visa is charging—4.3 cents per ticket plus 1.08% of the sales ticket price.

Discounters, most notably K mart, began accepting bank credit cards years ago, deciding there was more money to be made selling merchandise than financing it. Sears and Montgomery Ward are now test marketing bank cards. It probably won't be long before *everyone* takes them.

Retail Distribution

Yardsticks of Management Performance

	Profitability								**Growth**			
	Return on Equity				Return on Total Capital				Sales		Earnings Per Share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Best Products	26.5	6	28.4	1.2	15.2	6	21.4	3.7	42.7	2	48.6	4
Edison Bros Stores	25.8	7	25.5	0.2	20.9	7	21.3	6.2	13.7	9	26.0	6
SCOA Industries	25.7	8	28.3	1.0	17.0	10	15.3	2.7	15.1	8	68.9	1
Modern Merchandising	24.5	9	17.8	1.2	10.1	8	17.6	2.6	34.5	3	32.3	5
Melville Shoe	19.1	10	19.0	0.2	16.2	9	17.1	4.2	12.4	13	25.9	7
Gordon Jewelry	15.4	11	20.9	0.3	18.0	11	12.9	7.5	13.7	10	16.9	10
Beneficial Corp	13.6	12	14.2	2.5	6.1	19	6.3	5.1	6.7	18	4.0	17
Saga Corp	13.0	13	2.7	1.1	3.9	12	11.0	0.2	20.0	5	5.9	15
ARA Services	12.6	14	13.7	0.4	10.7	15	9.8	2.6	12.5	12	6.8	13
Brown Group	12.2	15	15.6	0.3	12.8	14	9.9	3.5	9.6	16	5.5	16
Levitz Furniture	11.8	16	19.1	1.3	10.6	17	8.0	3.8	9.9	15	7.2	12
Lane Bryant	11.6	17	10.1	0.1	8.7	16	9.8	2.5	4.6	19	3.2	18
Zale	10.8	18	12.5	0.2	11.2	13	10.0	4.8	9.5	17	6.2	14
Wickes	9.5	19	16.2	1.0	9.3	18	6.4	1.9	12.8	11	3.1	19
Genesco	def	20	12.5	1.6	7.0	20	def	1.1	–4.4	20	D-D	20
Toys "R" Us	**		24.5	0.7	16.1		**	5.2	**		**	
Medians	**17.2**		**19.1**	**0.7**	**13.8**		**14.1**	**3.8**	**18.3**		**18.8**	
Industry Medians	**13.2**		**15.1**	**0.7**	**10.1**		**9.9**	**2.8**	**12.2**		**10.4**	
All-Industry Medians	**15.1**		**16.7**	**0.4**	**11.8**		**11.0**	**5.3**	**13.1**		**13.1**	

Note: Explanation of Yardstick calculations on page 51.
D-D Deficit to Deficit. D-P Deficit to Profit; not ranked. def Deficit. **Not available; not ranked.

interested in changing money for goods that will soon wear out. So, when they can, they upgrade their purchases—and don't hesitate to borrow to do so. Says S.L. Feldberg, chairman of Zayre, "These young people can live with higher levels of debt than I or my wife did at their age. They carry it around with them all the time, with bank cards and all."

But while use of credit may not bother the Me generation, credit costs are tough on retailers, who need cash to carry inventories and finance expansion. Throughout the industry, therefore, companies are becoming more operations-conscious, because making present operations tighter can now be more profitable than expanding. Take Dayton Hudson again. In 1978, the company announced plans to close its long-losing downtown Detroit store, which for years had been kept open on the basis of hope and civic do-gooding; last year it sold its Team Electronics operation, the company Dayton Hudson President Stephen Pistner founded and sold to DH, and it began using computers to schedule sales personnel, hoping to have fewer people on the selling floor during periods of low traffic. "Stores that don't use computers now will be in the same position as stores that didn't move into the suburbs after World War II," says Andres.

> ***"Ten years ago there was Federated and then there was everyone else running by the seat of their pants. Now everyone knows how to get good management. So companies are becoming similar from the operations standpoint."***

David Taylor, an analyst with Donaldson, Lufkin & Jenrette, says the quality of management has risen sharply. "Ten years ago," he says, "there was Federated and then there was everybody else, running by the seat of their pants. Now everyone knows what to do to have good management. The result is that you are finding a group of companies becoming similar from the operations standpoint."

But what was great during a period of 7% debt and rising real income may not work during times of 17% debt and falling real income. Walter F. Loeb of Morgan Stanley & Co. predicts that overall earnings will range from flat to a 5% increase in 1980 from 1979's figures. But don't be deceived by that figure; within the industry there may well be some severe declines and even bankruptcies—perhaps not on the scale of the W.T. Grant debacle but sizable nonetheless. For the middle range of retailing companies with mediocre management and without strength, time may be running out. ■

People spend for fun even in the worst of times—but on what? *You can only guess and then go with it.*

Leisure

THE KEY TO ANALYZING the leisure industry is the ability to predict taste, and nowhere is that more important than at the very high end of things. It is now well known that even in a recession-bound economy people are willing to spend $100 for a pair of roller skates. And while the new breed of roller-skate entrepreneurs explain the sport's popularity as part of the health craze or a cheap new form of commuting, don't buy that. Born on the trendy boardwalks that line Venice, Calif., roller-skating in 1979 was *the* avant-garde sport. It was a form of advertisement that told your friends you were part of the disco set, a "with-it" person.

Understanding the so-called recreation industry's future is more than tracing the course of disposable income, consumer prices and economic indicators—there's also the indefinable matter of taste that defies quantification. Nevertheless, real disposable income is the key statistic in deciding the fate of this industry because that's where the money comes from for recreational expenditures. The fact that real disposable income has declined 3% since June 1978 means it is back at mid-1976 levels. It also means that some parts of the industry will be hurt. The trouble is that there is no way of knowing who will be hurt—other than it will not be the most luxurious or the cheapest items.

"People have been reacting differently to inflation over the last couple of years," notes economist Dr. F. Thomas Juster, of Michigan's Institute for Social Research in Ann Arbor. "They have learned from previous bouts with inflation that the world does not fall apart completely and they are aware of the fact that inflation generates speculative buying opportunities. They'll still buy something like a sailboat or a pair of skis, which they know will only cost lots more if they wait to purchase it." Adds consultant Don Mitchell of Mitchell & Co., "It's not a practice of 'price be damned' but more a feeling that if it's a self-satisfying purchase that adds to the quality of life, it makes sense. Sure, it could be deferred, but if it's high quality, why defer?" This, of course, is pure Me-generation economics.

Music man

Ask Kal (né Solomon) Rudman about what's happening to the pop music industry and he tells you about a 70-year-old violinist who has worked most of his life as a recording studio musician. For maybe four decades, Rudman goes on, the fiddler has been playing tracks to augment pop performers—swing in the Thirties, bop in the Forties, Sinatra in the Fifties, rock 'n' roll in the Sixties and disco in the Seventies.

"But the music is always the same," says the awesomely energetic publisher of *The Friday Morning Quarterback*, a newsletter that tracks what records radio stations are playing and fans are buying. "Over the years," reflects Rudman, who got into music as a disc jockey in high school in Philadelphia, "all that has really changed is the beat."

Now almost 50, the onetime medical student and teacher has been turning out his idiosyncratic publication since 1958. Every week on Tuesday and Wednesday he, his wife and his staff, including part-time high school kids, receive maybe 1,000 phone calls from U.S. radio stations reporting on what is selling and, therefore, what they add to or remove from their play lists. By Friday morning Rudman has assimilated the reports and leavened them with conversations with the two major record rack-jobbers. Then he writes the *Quarterback*.

Though industry people often call Rudman's publication a radio tip sheet, it probably is as valid a mirror of current record sales as any of the major trade magazines ("better," Rudman immodestly insists). Neither Rudman nor anybody else in the business can be sure whether he is just reflecting current trends or setting them for those stations who simply play what he says their markets are buying.

In the 1980s, he says, the aging youth market will go more for soft love ballads: "Barry Manilow is going to be king." And the 18-to-25s will want heavy rock 'n' roll, the early 1960s revival music that actually is called New Wave by the industry, "middle-of-the-wave" by Rudman.

"The industry will produce the music radio wants," he says. His red-covered publication ("only the best copiers can rip it off") may be one of the world's most profitable.

Some 4,000 subscribers pay $250 a year, but the big money comes from record ads. At $2,000 a page, advertising, together with circulation, produces a gross of around $5 million and a pretax net estimated as high as $2 million.

It helps explain why luxury items continue to sell well even in recessions.

What's been happening to the family night out—grabbing a burger and seeing a flick? Consumers are balking at spending more than $25 to take the kids out for such an ordinary evening. That's one reason why 1979 movie admissions were down 2%. Yet another was the relatively poor quality of the 1979 offerings, which had the movie moguls straightening their ties and digging deeper into their pockets. This year's array of film epics made at $30 million budgets includes Disney's first PG film, *Black Hole*, and *The Empire Strikes Back*, the 20th Century-Fox sequel to *Star Wars*, the most successful film to date. A Universal/Columbia film, *1941*, was said to be the most costly comedy ever made, yet when it was screened

Leisure

Yardsticks of Management Performance

	Profitability								Growth			
	Return on Equity				Return on Total Capital				Sales		Earnings Per Share	
Company	5-year average	5-year rank	latest 12 months	debt/equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Travel												
Loews	22.4%	1	22.3%	0.7	11.8%	2	9.6%	4.3%	33.3%	1	24.3%	2
Hilton Hotels	21.9	2	30.0	0.6	20.7	1	14.3	18.9	4.3	5	31.9	1
Marriott	12.7	3	16.0	0.7	9.7	4	7.3	4.7	18.7	2	15.6	3
Holiday Inns	10.3	4	9.2	0.6	7.1	3	7.4	4.5	6.0	4	4.0	4
Ramada Inns	5.7	5	8.7	1.8	4.7	5	4.1	3.8	14.6	3	–9.4	5
Medians	**12.7**		**16.0**	**0.7**	**9.7**		**7.4**	**4.5**	**14.6**		**15.6**	
Entertainment												
Columbia Pictures	64.3%	1	22.0%	0.5	17.9%	3	17.9%	6.0%	13.5%	7	D–P	
MGM	27.8	2	31.9	0.9	18.6	4	16.2	12.5	14.0	6	46.2%	1
Twentieth Century-Fox	24.8	3	22.6	0.5	16.9	2	18.2	8.5	17.1	5	D–P	
MCA	24.5	4	19.8	0.0	17.6	1	23.0	10.5	18.5	1	30.7	2
Warner Communications	21.7	5	25.5	0.6	16.7	5	12.7	6.3	18.1	2	19.3	3
General Cinema	20.6	6	21.2	1.0	12.5	6	12.7	4.2	17.7	3	17.8	4
Walt Disney	12.1	7	13.1	0.0	11.9	7	10.7	14.3	17.1	4	17.2	5
Medians	**24.5**		**22.0**	**0.5**	**16.9**		**16.2**	**8.5**	**17.1**		**19.3**	
Recreation												
Tandy	42.0%	1	45.7%	1.1	23.6%	1	27.2%†	7.1%	27.3%	3	56.2%	1
Mattel	38.4	2	15.7	0.4	15.4	6	17.4	4.3	7.3	12	D–P	
Coachmen Industries	25.3	3	def	0.1	def	2	23.1	def	39.5	1	36.1	2
Parker Pen	23.8	4	29.1	0.1	27.3	3	21.9	5.6	33.9	2	26.7	3
Franklin Mint	22.6	5	16.0	0.1	13.6	4	18.6	5.8	24.1	4	15.6	5
Bally Manufacturing	21.9	6	26.3	0.5	19.1	7	16.4	10.7	24.0	5	18.2	4
Eastman Kodak	18.8	7	21.4	0.0	20.2	5	17.7	13.4	11.8	8	7.7	10
Fleetwood Enterprises	13.8	8	13.4	0.0	13.3	8	13.8	2.2	17.5	6	8.6	8
American Greetings	13.7	9	14.2	0.3	10.8	9	10.8	6.1	11.3	9	8.4	9
AMF	12.8	10	13.4	0.5	9.6	13	8.9	3.7	7.2	13	–1.8	14
Del E Webb	10.8	11	9.2	0.8	10.3	12	9.9	2.1	6.4	14	11.3	6
Polaroid	10.7	12	5.5	0.0	5.5	10	10.7	3.6	13.6	7	10.5	7
Brunswick	10.6	13	11.3	0.5	8.0	14	8.2	3.9	10.7	10	2.4	11
Skyline	10.5	14	10.8	0.0	10.7	11	10.4	2.8	1.5	17	–7.8	15
Outboard Marine	9.6	15	6.1	0.4	5.4	15	8.0	2.3	9.5	11	–0.5	12
Philips Industries	5.9	16	16.2	0.5	12.0	16	6.5	2.8	4.4	15	–0.7	13
Champion Home	def	17	def	0.1	def	17	def	def	3.6	16	P–D	16
Medians	**13.7**		**13.4**	**0.3**	**10.8**		**10.8**	**3.7**	**11.3**		**8.5**	
Food Service												
McDonald's	25.3%	1	23.1%	1.0	12.6%	3	13.9%	10.0%	26.5%	2	26.7%	1
Denny's	23.3	2	18.1	1.4	10.0	2	14.0	3.6	26.0	3	25.8	2
Host International	16.3	3	21.6	0.7	14.3	5	10.7	4.4	13.8	5	8.9	4
Gino's	13.9	4	12.9	0.5	9.5	6	9.1	2.3	15.3	4	8.4	5
Howard Johnson	13.4	5	12.8	0.6	9.6	4	11.6	5.7	8.9	6	11.3	3
Sambo's Restaurants	9.7	6	def	2.3	def	1	14.4	def	31.7	1	–8.6	6
Medians	**15.1**		**15.5**	**0.8**	**9.8**		**12.8**	**4.0**	**20.7**		**10.1**	
Industry Medians	**16.3**		**16.0**	**0.5**	**11.9**		**12.7**	**4.4**	**14.8**		**11.3**	
All-Industry Medians	**15.1**		**16.7**	**0.4**	**11.8**		**11.0**	**5.3**	**13.1**		**13.1**	

Note: Explanation of Yardstick calculations on page 51.

†Four-year average. P-D Profit to Deficit. D-P Deficit to Profit; not ranked. def Deficit.

late last year the audience reaction was so bad that the film was withdrawn to be reedited. According to Universal Executive Vice President of Advertising David Weitzner, "Big budgets are going to insure not necessarily quality pictures but higher-priced movie tickets."

Fast-food franchisers are facing the same reluctant customer. Traffic was off 9% last year in most outlets. Worst hit was Sambo's, a chain that has been in the midst of reorganization for years and just got another new management team. In 1980 it will be cutting back its unprofitable expansion (an educated guess runs that last year it added 75 stores *vs.* only 10 this year) and is now in technical default on $98 million worth of loans. Even McDonald's, the standard-bearer of the industry, cut some prices. "Last year was the worst year the industry has ever seen. This year won't see any strong recovery," says Robert L. Emerson of Salomon Bros., author of *Fast Food: The Endless Shakeout*. "Even if people go to fast-food places, they're going to trade down for a lower check—chicken for meat, hamburger but not fries. And there's just no variety in going out all the time for the same old burger."

"People have been reacting differently to inflation over the last couple of years.... They are aware of the fact that it generates speculative buying opportunities."

That's the way it has become: You scrimp at McDonald's so that you can buy that fancy pair of skis.

So the real action, obviously, is not in these mundane activities but in those leisure activities that catch people's fancy and give them a psychological lift. What are those items? They vary incredibly. Two decades ago, for instance, when the leisure industry was first broken out as a separate category by FORBES, The Singer Co. appeared as part of the leisure category: Sewing machines were a leisure durable in 1961. Some fun! By contrast, some up-scale status items today: Adidas sneakers at $42 a pair, an annual health club membership for $400, expensive ski equipment from AMF that could run over $400. Sport is now stylish. Take bicycles. Back in the early Seventies the American adult discovered what Europeans had known for years: that bikes weren't just for kids. The hefty old model the paperboy used was abandoned for a lithe, ten-speed, macho racing contraption. But bike sales dropped almost 50% in 1975, and retailers were left with racks of inventory. Now people are buying them again. The current upsurge in sales, two-thirds of which is the lightweight variety, hasn't been affected even by 1979's round of price increases *(see* FORBES, *Dec. 24, 1979)*.

Electronics appears this year as a continuing growth area for toys, because adults have been willing to shell out $20 to $60 for hand-held electronic items like Mattel's Football I and Auto Race. But even with this important new market, as the maker of the Barbie Doll knows, toys are a seasonal, cyclical and faddish market. That's why Mattel has based its turnaround on diversified acquisitions such as Western Publishing Co., which would have reduced toys' contribution to its earnings from 91% to 65% for fiscal 1979.

The ultimate escape destination, says Merrill Lynch entertainment industry analyst Harold L. Vogel, is a trip to Las Vegas. "People cut back on just about any vacation but that one," says Vogel. "There is an entertainment element in gambling that helps people in times of economic distress." That self-destructive form of enjoyment has helped Hilton Hotels Corp., the owner of two casino-hotels in Nevada, produce a 30% return on equity last year and average earnings growth over the past five years of 31.9%. Marriott Corp. is not so lucky, because it has no gambling facilities. Instead, it is trying to offer something extra to the nonbusiness traveler. "You've got to get the weekend guy. That's what the hotel business is all about today," says Al LeFaivre, regional vice president for Marriott Hotel Division. He points to Marriott's newest operation in Chicago, a 1,200-room hotel that offers the traveler a 9-hole putting green, a 12-meter swimming pool, saunas, platform tennis—all on the premises—and salmon fishing in nearby Lake Michigan. All of which only points up the problem of trying to psych out public taste in leisure and move fast enough to invest in it so you get your money back before salmon fishing in Chicago gives way to camel racing in Phoenix.

Riding the leading edge of a fad probably works best for entrepreneur types betting with their own money. Take Ralph Hoagland, a 1962 Harvard Business School graduate, who built a 58-store drug chain called CVS. In 1969 the chain was sold to Melville Corp. for $15 million and Hoagland decided to plow his share of the proceeds into some high-risk leisure businesses catering to moneyed students in Cambridge, Mass.

Hoagland's Orson Welles Cinema wasn't just a movie house. It also contained a camera shop, a restaurant and a film school. Now he has opened an electronic game room next door called 1,001 Plays that's jammed with off-duty scholars dropping quarters on games modeled after everything from *Star Wars* to Dolly Parton. His 2,500-square-foot game room is grossing $500,000, according to Hoagland, who now has four more in various stages of completion in Florida and New Jersey. Hoagland is a thin man who studies Jungian psychology and lives on a New Hampshire mountain with his wife, also a Harvard Business School graduate. Says he: "I spend a lot of time designing things for people to do together but I prefer to be alone. So I don't invest in things because *I* like them but because I think other people will."

The trick, of course, is to know what the Me generation of the Seventies will want in the Eighties—long before others do. That's why Cary Finkelstein and John Chambers, co-owners of Manhattan's Les Mouches, a disco-restaurant-cabaret, are spending $100,000 to transform the club, despite the fact that the disco industry generated an estimated $5 billion last year. "One of our innovations will be the introduction of music to which people can do more than just disco," says Finkelstein. "It's the coming trend of the Eighties. Call it grinding, slow drag, contact dancing or what-have-you." Is disco out? "No," says Finkelstein emphatically. "It's just broadening to include more people—gay, straight and in-between." Complementing the music will be erotic multimedia shows and rollaway "hot seats" that allow the disco floor to become a stage.

Will it pay off? The unpredictability of the leisure industry makes that as risky as anything else to predict. ■

"Tilt!"

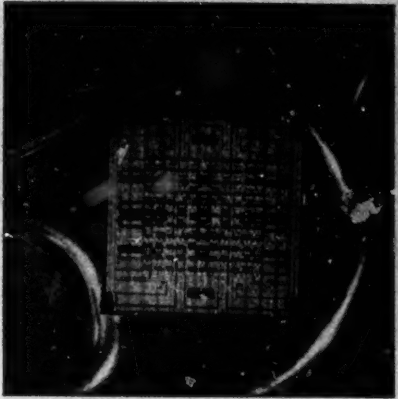
Although pinball machines no longer rule the penny arcades and bars as they once did, they continue to hold their own against the new electronic video games, because pinball machines, too, are decked out with electronic innards, sound effects and score readouts. This Christmas season pinball machines were among the biggest sellers in their price range, with some selling for as much as $2,500.

At Elsie's Deli in Cambridge, Mass., Harvard students are flipping and tilting as soon as the restaurant opens at 7:00 a.m. and even though demand for sandwiches lags between meals, the machines don't stop until closing at 1:00 a.m.

The trend seems to obtain as well at the many new electronic game parlors. One owner, while admitting that video games are the big new thing, points out that on any given day his pinball machines account for half of his take. Performance like this keeps Bally, Gottlieb, Williams and Stern, the manufacturers who dominate the market, busy and profitable. Since the lifespan of any machine in a lightly trafficked area is only six months, the manufacturers have to keep designing new backgrounds and repositioning bumpers and flippers. Also, the foreign market, once bigger than the U.S. market, demands ever more sophisticated and garish machines.

The reason pinball keeps its share of the dwindling recreation dollar seems to lie in the tactile responsiveness of the game. Many players say they get bored with video games; they get to feel they have psyched out the game. But with pinball, they say, every carom off a bumper has a suspensefully unprogrammed trajectory that is wonderful to respond to physically. The machines are also more fun to kick than the video games.

Electrical equipment that increases efficiency will remain in strong demand. Electronics makers, of course, will have new markets to pursue.



Electronics and electrical equipment

"I MAKE IT VERY SIMPLE," says Chris J. Witting, chairman and chief executive officer of Crouse-Hinds Co. (electrical construction and distribution equipment, lighting and traffic controls), of the reception he accords would-be acquirers. "I ask them to lay down their ten-year record next to ours. If it matches, I'll consider a proposal. If it doesn't, I ask, 'Why should our shareholders swap our stock for yours?' "

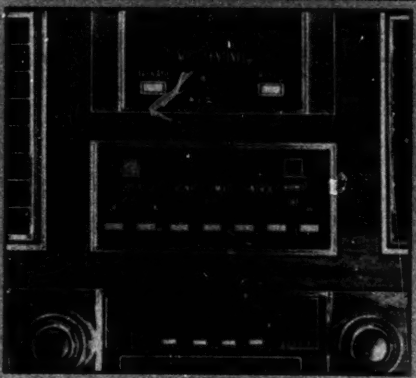
Running a company that ranks high on FORBES' Yardsticks, Witting can afford to be choosy about his future. While plenty of uncertainty lies ahead, not all electrical equipment makers have to believe that their best days are behind them. Although middling-size (1979 sales, $375 million) compared with such competitors as Emerson Electric and McGraw-Edison, Crouse-Hinds is diversified enough in the electrical equipment market to weather even a nasty downturn in any one sector.

Companies with a strong stake in products for the construction industry will obviously be hurt by the downturn now evident in home building and expected in commercial and industrial building. It was shipments of veritable mountains of cables, switches, conduits and fittings to those markets that made a median five-year return on equity of 19.8% possible.

But even as those markets weaken, demand for other types of electrical materials will remain stronger from industries desperately striving to conserve energy. Think of it as a kind of retrofitting market. For companies that can design and produce equipment specifically aimed at reducing energy costs, prospects have become so good that outsiders are now maneuvering for a share—Exxon's takeover of Reliance Electric, for example, which itself had taken over Federal Pacific Electric early in 1979. Borg-Warner too, has recently announced a new device that increases the efficiency of an electric motor.

The heavy end of the electrical equipment business—generating equipment—shows no such bright spot. With many of their best customers, the utilities, now wallowing in overcapacity—total U.S. generating capacity now exceeds peak-load requirements by 34%—orders for big plants have just about dried up. Because the heavy end of the electrical equipment business has always been cyclical, the fact that it's depressed right now would not be unusual. But this is no ordinary time. Six years after OPEC made clear to the U.S. the appalling economic and political prices to be paid for its addiction to imported oil, some 16.5% of the electrical energy consumed in

Next year, the shakeout



Five years ago Bob Costello, the head of purchasing for General Motors' Delco Electronics division, got together with a high-technology expert from Motorola and their conversation started something like this: "GM needs Motorola." "You gotta be out of your mind! Motorola needs GM." Well, they were both right.

Companies like Texas Instruments, Intel, National Semiconductor, Motorola and many more are getting fat from the $2.5 billion automotive electronics business, and the boom has just begun. GM alone will buy nearly $900 million worth of electronics for its 1981 model-year cars. About 10 million integrated circuits went into Ford's 1979s. The 1980 line will use *22* million. In just three years the wholesale value of the electronic features in the Continental Mark VI has doubled to more than $1,800.

The way the market has worked so far, automakers have been buying electronics from every available source with enough technological handholding thrown in to produce automobiles that meet mandated emissions standards. "Detroit has been looking for cooperation, not competition in an open arena," says Thomas Reynolds, automotive industry manager for National Semiconductor. "We'd be crazy to try and gobble up another guy's market share before we had all our disciplines together."

But look for that to change after the 1981 model year. Once the spending binge for fuel-economy and emission-control units is over, the car companies will shift their electronics budgets toward convenience gadgets—more sophisticated dashboard displays and instrumentation. "There's bound to be a shakeout," says Jerry Rivard, chief engineer of Ford's electrical and electronics division, which currently buys integrated circuits from 19 different suppliers.

Motorola, the $200 million (sales) leader in auto semiconductor electronics, will be among the survivors. "This market is more dog-eat-dog than people admit," says Bill Howard, vice president of its semiconductor group.

That means, of course, that the Japanese are in it too. Already over half GM's passive components such as resistors and capacitors—about $100 million worth—are Japanese-made. "We warned our American vendors," says Costello, "but they didn't see the handwriting on the wall."

Meanwhile, Motorola's Howard is taking advantage of the competitive edge the American electronics industry still holds by selling engine-control products to Japan's auto manufacturers. "Right now they're plenty vincible," he chuckles. "So why not beard the lion in his own den?"

the U.S. is still produced by oil-fired generating equipment. This, despite the fact that electrical utilities, which account for one out of every ten barrels of oil burned up in the U.S., have a ready alternative (coal, if not nuclear fuel) right at hand. If U.S. economic planning were in the hands of a Platonic philosopher-king, a sort of Joseph Stalin with a brain and a heart and no voters to worry about, the makers of generating equipment would be buried by now in new orders to replace oil-fired capacity and upgrade existing coal stations. It must happen. The stakes are high on whether it happens sooner or later.

The electronics industry has problems ahead, but none of them apocalyptic. The industry can be divided into two parts: semiconductors and everything else. Everything else includes,

Electronics & Electrical Equipment

Yardsticks of Management Performance

	Profitability								Growth			
	Return on Equity				Return on Total Capital				Sales		Earnings Per Share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Electronic Equipment												
Teledyne	36.4%	1	43.2%	0.3	31.7%	3	22.5%	13.9%	10.4%	19	57.5%	1
Schlumberger	30.9	2	31.6	0.1	30.0	2	28.6	18.9	22.4	4	36.0	3
Intel	29.6	3	31.1	0.0	30.1	1	28.9	11.6	47.2	1	42.9	2
Natl Semiconductor	23.1	4	25.1	0.1	18.9	6	17.7	4.9	37.5	2	31.0	4
Lear Siegler	21.9	5	28.0	0.6	16.4	12	12.8	4.8	10.4	18	27.0	5
Raytheon	21.2	6	25.2	0.1	23.3	4	18.9	5.2	13.7	12	22.8	11
EG&G	21.1	7	31.1	0.2	26.0	5	18.1	4.0	21.7	6	25.1	7
Avnet	20.1	8	20.8	0.2	19.1	10	15.8	5.5	14.1	11	17.4	15
Tektronix	18.3	9	22.3	0.1	19.4	8	16.6	9.8	22.4	4	25.4	6
Hewlett-Packard	18.0	10	19.6	0.0	18.9	7	17.4	9.1	21.7	7	22.6	13
Texas Instruments	17.2	11	20.2	0.0	19.6	9	16.3	5.5	14.6	10	15.1	18
RCA	16.6	12	18.5	0.7	12.2	17	10.7	4.0	8.9	20	23.6	9
Harris Corp	15.7	13	20.8	0.3	16.9	13	12.6	6.5	11.4	15	17.6	14
Perkin-Elmer	15.3	14	21.0	0.2	17.8	11	14.7	7.1	17.7	8	15.3	17
General Tel & Electronics	15.0	15	15.0	0.9	7.2	22	7.1	6.6	11.6	13	9.1	22
Beckman Instruments	14.2	16	17.6	0.5	13.4	16	11.4	6.8	14.7	9	23.5	10
North American Philips	14.0	17	15.6	0.3	10.7	18	9.3	3.4	22.6	3	15.9	16
Corning Glass Works	13.9	18	17.1	0.2	14.3	15	11.5	9.1	8.0	22	12.1	20
Motorola	13.7	19	17.2	0.2	14.6	14	12.2	5.9	10.8	17	12.1	19
Ampex	13.6	20	17.8	0.7	11.8	21	7.8	5.3	1.2	25	D–P	
Honeywell	12.3	21	16.7	0.2	12.7	19	9.2	5.8	7.4	23	11.6	21
American Tel & Tel	12.2	22	13.2	0.7	7.3	23	6.9	12.6	11.5	14	8.4	23
General Instrument	11.6	23	17.6	0.3	14.5	20	9.0	6.7	8.0	21	22.8	12
Varian Associates	6.8	24	5.2	0.3	4.6	25	6.0	1.7	11.1	16	24.5	8
Bunker-Ramo	6.3	25	17.2	0.5	12.8	24	6.3	5.7	6.0	24	5.8	24
Medians	**15.7**		**19.6**	**0.2**	**16.4**		**12.6**	**5.9**	**11.6**		**22.7**	
Electrical Equipment												
UV Industries	31.0%	1	73.0%	0.7	50.2%	6	18.6%	56.8%	8.6%	12	30.9%	2
Reliance Electric	24.9	2	24.7	0.3	19.1	7	17.4	6.7	16.0	6	18.9	4
AMP	23.7	3	29.6	0.1	25.4	1	20.1	12.1	14.9	7	16.6	6
Square D	23.5	4	25.7	0.3	20.0	2	19.2	9.2	12.7	8	10.8	13
Crouse-Hinds	21.3	5	23.3	0.2	19.4	4	19.0	7.3	22.9	3	19.9	3
Emerson Electric	20.2	6	22.1	0.1	21.3	5	18.8	7.7	17.6	5	12.9	9
W W Grainger	20.2	7	21.9	0.0	21.5	3	19.1	6.9	18.9	4	18.4	5
General Electric	19.4	8	21.2	0.2	18.5	8	16.9	6.4	10.5	9	11.2	11
Copeland	18.7	9	10.0	0.2	7.7	9	16.7	2.6	8.6	11	10.9	12
Gould	16.2	10	14.8	0.4	10.9	12	12.5	5.1	24.4	1	14.9	7
Raychem	15.2	11	22.9	0.1	20.6	10	13.6	9.2	24.2	2	32.5	1
McGraw-Edison	13.9	12	14.2	0.1	13.1	11	12.5	4.8	7.8	13	11.6	10
Westinghouse Electric	11.9	13	12.9	0.2	11.2	13	9.6	4.4	4.5	14	13.1	8
Robertshaw Controls	9.1	14	10.3	0.4	8.0	14	7.4	3.5	9.4	10	2.9	14
Medians	**19.8**		**22.0**	**0.2**	**19.3**		**17.2**	**6.8**	**13.8**		**14.0**	
Industry Medians	**17.2**		**20.8**	**0.2**	**17.8**		**14.7**	**6.5**	**12.7**		**17.8**	
All-Industry Medians	**15.1**		**16.7**	**0.4**	**11.8**		**11.0**	**5.3**	**13.1**		**13.1**	

Note: Explanation of Yardstick calculations on page 51.
D-P Deficit to Profit; not ranked.

importantly, testing and measuring devices for industry. The latter segment, dominated by Hewlett-Packard and Tektronix, percolates along rather nicely, growing—according to one analyst—30% in a good year and 6% in a bad one.

The same cannot be said, however, for the semiconductor portion of the industry. Surges in demand and surges, too, in the number of suppliers have consistently fouled up even well-laid plans. Last year the industry just didn't have enough capacity to meet demand. Stuart Johnson, vice president-research at Wertheim & Co., explains: "One of the reasons for the lack of capacity was that the industry expected a sharp deceleration in growth in mid-1978. They expected a recession in the third quarter of that year. Instead, just the opposite occurred. Growth accelerated." And, of course, kept booming throughout 1979.

"The companies got sales growth," Johnson says, "but not as much as they might have. They had production problems because their lines were geared to levels that were too low. They had to accelerate them in an unplanned fashion. A company could have been a hero," he adds, "if it had gone against those predictions and been bullish." There were no heroes in the semiconductor segment of the industry last year.

> ***"People are arguing whether defense spending should go up 3% or 5%. No matter which side wins, there'll be fewer soldiers. The money will be spent on some kind of electronic stuff. Something will obsolete what we have."***

The concerted push the Japanese are now making in the semiconductor business (FORBES, *Nov. 26, 1979*) may be a far more important factor in the months and years ahead than the general tone of the economy. Such inroads as the Japanese have made in the U.S. market came at a time when most U.S. producers couldn't have handled the business anyway. Given some slack, however, the Japanese could well raise a little hell with the margins U.S. companies have become accustomed to.

Yet another imponderable is the impact of any significant increases in defense and energy spending. For several companies it could be important. Outfits like EG&G, Lear Siegler and Raytheon, which supply the Department of Defense or the Department of Energy, can expect orders regardless of the economy. Says Simon Sheib, chairman of Avnet, which distributes all manner of electronic gear, "People are arguing whether defense spending should go up 3% or 5%. No matter who wins, there'll be fewer soldiers. So what will the money be spent on? Some kind of electronic stuff. There's bound to be something to obsolete what we have. Then we'll have a lot of new stuff."

Companies like Teledyne that supply planemakers also have big backlogs and won't be hurt badly unless the recession is truly deep and dark. The automotive market may also continue strong even in a so-so year for new-car sales. Since it is a new market for electronic components, sales don't have far to fall *(see box, p. 190)*. It's a matter of how quickly the companies will be able to penetrate it. Motorola, for one, expects to sell a considerable amount of electronics to Detroit this year for its 1981 models.

Motorola's prospects in the automotive market show a remarkable property of the electronics business, one shared by few others. To a degree that companies in older lines of work can no longer hope for, an electronics company's future is not necessarily limited by the general economic climate or even by the winds blowing in its particular sector. In electronics, as in ethical drugs (but in little else), genuine innovation can still *create* markets where none existed. To that extent, then, an electronics company's future is largely in its own hands. ■

A world steel shortage looms in the 1980s, but that's not much help to the American steel industry today.

Steel

UNLESS YOU'VE JUST EMERGED from a five-year nap, it's not news that the steel industry is in trouble. Competition from abroad and from substitute materials is keeping many a steel executive awake nights. And things are not likely to get better soon.

Right now, there is about 20% overcapacity in the world—partly because the less-developed countries are all trying to build up their own steel industries. Meanwhile, old, inefficient mills in Europe and the U.S. are still running. The emergence of a steel industry in the less-developed countries, of course, cuts down the export market, especially since those newer plants can produce steel far more cheaply than the U.S. plants can. And at home, the automakers (which use something like 20% of the steel in the U.S.) are cutting back sharply on the amount in each car to cut weight and thus boost gas mileage. General Motors, for example, plans a curb weight of about 2,800 pounds for the average 1985 model, compared with around 3,350 pounds for the 1980 model and some 4,000 pounds a decade ago. Much of the weight loss is in steel. And with auto sales themselves down, fewer cars using less steel makes for grim days ahead for the industry.

What can the steelmakers do? For one thing, they can upgrade their plants. But that takes money, and if you don't have profits and are already leveraged to the eyeballs, it's a tough trick to pull off.

One company that has pulled off just such a trick is Inland Steel, which started major expansions at its Indiana Harbor works on Lake Michigan in 1974. "There were two things we looked at when we started the project," says Inland Chairman Frederick G. Jaicks. "First, we saw ourselves able to finance it. Of course, we've gone to the money market a few times for borrowings and sold some stock in 1975. Also, we saw a market growth for us, and we still think it's there."

The Indiana Harbor mill is thought to be one of two U.S. plants comparable in size and technology to the superefficient Japanese mills, the pinnacles of production today. The other is Bethlehem Steel's Burns Harbor (also on Lake Michigan) facility, which, when its 110-inch-plate mill was opened in 1978, became the first fully integrated steelmaking plant built here since 1953.

The Capital Cost Recovery Act, introduced in Congress last spring, may help the steel companies raise the capital they need to upgrade their plants. That law allows buildings to be depreciated over ten years, operating equipment over five years and other expenditures over three years—a welcome relief from the 14-year schedule formerly used by steelmakers.

"Given the profitability of the steel industry," says Harry Holiday Jr., chief executive at Armco Inc., "that will probably generate enough cash flow to revitalize capital expenditures in the steel industry. Probably more than we can use. But wheth-

Do we or don't we?

Pity poor Youngstown, Ohio. In 1977 Youngstown Sheet & Tube shutdowns there threw 4,100 steelworkers into the streets. Now it's U.S. Steel, with two mills and 3,600 workers, and Jones & Laughlin with some 1,200 workers. Have the steel companies no hearts? That's the wrong question. We should be asking two others: Why did it take them so long to start using their heads? And how long are we going to permit foreign countries to export their unemployment to the U.S.?

The two questions are interrelated. One reason the U.S. steel industry is not competitive is that it hasn't done the right things. But one reason it hasn't done the right things is that it couldn't afford to. There's guilt on both scores.

Open-hearth furnaces became obsolete in the 1950s, long before environmentalists and cheap imports seized the country. That would have been the time to replace the white elephants with more-efficient basic oxygen furnaces—which is exactly what the Japanese did. But for the same reason that the Europeans discovered small cars long before we did, American steel companies were in no hurry to convert to BOFs—we had cheap energy to burn.

Now the steel industry is stuck with antiquated facilities (15% of our steel production still comes from open-hearth), expensive energy, and no money for capital improvements. Not surprisingly, steel companies are crying to the government that its costly EPA regulations and poor administration of trigger prices are causing all the grief. That's partly true but the problem started long ago.

The day of reckoning is here. Even as they lobby for stiffer import laws and greater leniency from the EPA, steel companies are taking matters into their own hands. U.S. Steel's 16 closings and partial shutdowns are designed to streamline U.S. Steel's operations to fewer products and to cut out some of the older, less profitable mills. U.S. Steel Chairman David M. Roderick is leaving the door open to still more shutdowns if efficiency doesn't pick up. What's more, he says the company will start buying technology from the Japanese instead of trying to invent everything in-house. These are steps in the right direction, at long last.

So should we all stand up and cheer? No. U.S. Steel and the United Steelworkers of America say that mill closings mean increased dependence on foreign steel—we already import 15% to 20% of what we use. Unless something is done about imports, they say, when the next shortage comes the foreign steelmakers will be able to sell their steel to us at any price. Sound familiar? That's how we handed control of our national destiny to the Arabs. The point is this: The steel industry can do certain things for itself. But it will also need a political decision from the American people. Does the U.S. want a steel industry or doesn't it?

er or not that money will actually be spent in the steel industry will depend on the profitability of the steel business." Quite obviously, managements would be wasting stockholders' money as well as misusing society's scarce capital were they to invest in steel plants that could not return at least a fair yield.

Right now, profitability does not seem to be in the works for steel. Worldwide, the industry is facing tremendous overcapacity—some 37% of Japan's finished-steelmaking capacity lies idle. In the U.S. about 14% of capacity sits waiting to be used, and Western Europe has an estimated 37% more steelmaking capacity than needed. Trigger prices have done some good in preventing dumping by Japanese and European steelmakers, but probably not enough. In the first place, the trigger price is keyed to the Japanese companies' costs. Since Japan is the most efficient producer, the trigger price mechanism still allows European makers to dump steel here below their cost. Also, as the dollar rises in relation to the yen, the trigger price becomes less effective: It is figured in yen, then translated into a dollar figure at the exchange rate effective at the time.

But the Japanese steelmakers are not the whole problem. Since 1968 worldwide steel capacity has grown some 183.5 million metric tons. Of that total increase, some 19% was additional Japanese capacity, but the U.S.S.R. and Eastern Europe expanded an estimated 70 million metric tons, about 38% of the total increase.

Capacity growth is slowing to around 1% a year, while most industry analysts predict demand growth of 2.5% to 3% a year. At those rates of growth, the overcapacity gap could be closed in five years, but that may not be fast enough. It would take a bold management indeed to commit big money now for profits that may not be there a half-decade hence.

For the moment, at least, about the best you can say about this industry is that it is so far down it has nowhere to go but up. That's scant comfort. There's no better measure of how poorly investors regard the industry's prospects than the recent price of U.S. Steel stock. At 17 it was selling for just about 25 cents on the net asset dollar and at about two times cash flow. That's close to bankruptcy prices. ■

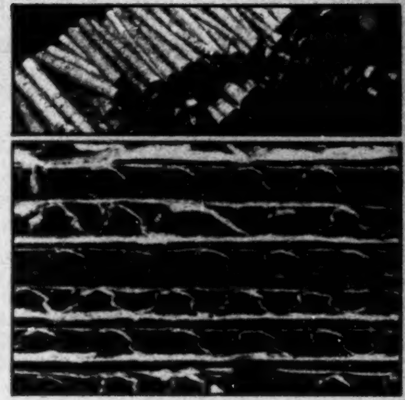
Steel

Yardsticks of Management Performance

	Profitability								Growth			
	Return on Equity				Return on Total Capital				Sales		Earnings Per Share	
Company	5-year average	5-year rank	latest 12 months	debt/equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Basic Producers												
Armco	11.5%	1	15.7%	0.4	10.8%	1	8.1%	4.7%	12.1%	1	10.4%	2
Inland Steel	10.9	2	12.7	0.5	8.7	2	7.9	4.3	11.4	3	6.7	3
Kaiser Steel	8.8	3	11.5	0.7	7.6	3	6.4	6.2	8.8	7	12.2	1
National Steel	7.2	4	10.4	0.4	7.4	5	5.5	3.3	12.0	2	–0.6	6
United States Steel	7.0	5	6.9	0.4	5.4	4	5.8	2.8	10.0	5	3.4	5
Republic Steel	6.6	6	10.7	0.3	8.0	6	5.4	3.8	10.7	4	5.5	4
LTV	6.1	7	27.8	2.9	6.9	8	3.9	1.5	6.2	8	D-P	
Bethlehem Steel	4.6	8	13.3	0.4	10.5	7	4.4	4.4	9.2	6	–11.3	7
Medians	**7.1**		**12.1**	**0.4**	**7.8**		**5.7**	**4.1**	**10.4**		**5.5**	
Specialty & Other Steels												
Nucor	28.3%	1	40.5%	0.4	28.0%	1	19.9%	9.4%	20.7%	1	27.5%	2
Athlone Industries	22.5	2	21.3	1.2	11.6	11	10.8	4.3	6.5	19	31.6	1
Crane	20.1	3	15.8	0.9	9.1	9	11.6	3.5	6.5	18	21.8	5
Earle M Jorgensen	18.4	4	17.8	0.2	15.4	4	15.4	5.8	11.7	8	18.6	7
Colt Industries	17.8	5	20.0	0.5	13.4	10	11.4	5.3	13.9	2	19.2	6
Carpenter Technology	17.8	6	20.0	0.0	18.6	2	16.0	8.5	13.1	4	21.9	4
Central Steel & Wire	16.2	7	16.8	0.0	16.9	3	15.7	2.9	12.9	5	24.5	3
Copperweld	15.4	8	17.3	0.4	12.7	8	12.3	4.9	12.7	6	11.2	11
NVF	15.0	9	25.9	0.6	20.4	7	12.5	10.1	6.5	17	12.7	9
Hanna Mining	14.1	10	15.0	0.1	13.1	6	12.6	18.2	10.8	10	13.1	8
Northwestern Steel & Wire	12.8	11	16.8	0.0	16.6	5	12.6	7.8	10.2	12	1.8	17
National-Standard	12.2	12	12.5	0.2	9.7	12	9.3	3.9	11.2	9	10.0	12
Allegheny Ludlum Inds	10.0	13	23.1	0.8	10.1	15	6.4	4.7	10.6	11	7.1	15
Interlake	9.8	14	11.3	0.4	9.0	13	8.5	3.2	13.8	3	8.6	14
Lukens Steel	9.4	15	5.9	0.1	5.0	14	8.0	2.4	8.8	14	11.5	10
Cyclops	8.2	16	16.9	0.3	11.1	16	6.1	2.7	9.3	13	5.9	16
McLouth Steel	3.4	17	9.8	0.7	6.8	18	3.2	2.2	12.0	7	9.9	13
Keystone Consolidated	3.1	18	def	0.4	1.3	17	3.5	def	8.4	15	–7.6	18
Wheeling-Pittsburgh Steel	2.7	19	17.8	0.6	11.1	19	3.1	4.5	8.2	16	–18.0	19
Medians	**14.1**		**16.9**	**0.4**	**11.6**		**11.4**	**4.5**	**10.8**		**11.5**	
Industry Medians	**10.9**		**15.8**	**0.4**	**10.5**		**8.1**	**4.3**	**10.7**		**10.3**	
All-Industry Medians	**15.1**		**16.7**	**0.4**	**11.8**		**11.0**	**5.3**	**13.1**		**13.1**	

Note: Explanation of Yardstick calculations on page 51.
D-P Deficit to Profit; not ranked. def Deficit.

Wood and paper producers did surprisingly well last year. But don't bet on a repeat performance.



Forest products and packaging

WOOD AND PAPER, along with construction, are usually among the most cyclical of industries. So 1980 won't be a repeat of 1979 for the forest products business. Despite a flagging economy, return on equity for the latest 12 months was a healthy 19%—the highest level since 1974. Much of the strength reflected the success of the nation's paper producers, who profited from high prices and short supplies. Wood producers benefited from low inventories and strong exports, plus vigorous housing starts for most of last year.

This year, however, the industry will track the economy. Paper, which has been booming, should come through in good shape if costs can be kept under control. But signs of a slump have begun to surface for lumber and plywood, as high interest rates and a shortage of mortgage funds hurt housing. No one expects a repeat of 1975, when earnings for some wood products companies plunged as much as 70% to 80%. But even in a mild recession, housing starts could fall 1.3 million to 1.4 million, cutting lumber and plywood earnings 25% to 35%.

About 60% of America's softwood lumber, plywood and other panel products such as particleboard go into residential housing. So with the falloff in housing starts, prices for lumber and plywood have already begun to drop. Lumber prices were at an alltime high through the summer because recession jitters had kept inventories low. But in the last three months they have fallen 15% while plywood prices were off 12%.

Given a choice between milling expensive logs for cheap lumber on the one hand and shutting mills on the other, some producers have opted for cutting production. "Rather than prostitute a valuable timber inventory by converting it to finished inventory which would either be sold at a loss this winter or possibly remain unsold for months, we have scheduled holiday closures, shift curtailments and limited mill clos-

Waste not, want not

When Crown Zellerbach's linerboard mill in Antioch, Calif. reopened in April following an eight-month strike, management found itself faced with a new problem. Since 1976 Crown's 215,000-ton-a-year mill has been running solely on wastepaper rather than on virgin wood pulp. During the strike its suppliers had been selling elsewhere. Before the mill could get running, suppliers had to be reestablished.

Wastepaper is a much bigger business these days than Boy Scout paper drives. About 25% of the paper consumed annually is collected and reused, accounting for 23% of the fiber the industry uses to make new paper and paperboard. Last year almost 18 million tons of wastepaper were collected, 42% more than in 1970. Two million of those tons were exported to Korea, Japan, Mexico and Canada. While the U.S. is a net importer of forest products, it is the world's largest *exporter* of wastepaper. Crown Zellerbach found itself competing with foreigners to get wastepaper.

While newspaper drives are the most familiar part of wastepaper recycling, in actuality only 16% of the wastepaper used comes from old newsprint. Some 35% of all corrugated boxes end up being collected and recycled. Mixed wastepaper such as computer printouts and other office paper wastes are also ahead of newspaper. Today around 60% of the fiber used in paper is some form of waste wood, wastepaper or other vegetable fibers like cotton. As the price for whole trees continues to soar, it has simply become more economical to use waste fibers rather than trees.

Paperboard products like folding cartons and corrugated boxes are the biggest users of wastepaper. Some mills use wastepaper in combination with virgin wood pulp, but 200 mills, like Crown Zellerbach's, can run on wastepaper alone. Fort Howard Paper Co., the $295 million (sales) maker of paper towels and tissues, depends almost entirely on wastepaper for its fiber needs (*see* FORBES, *June 12, 1978*). The American Paper Institute estimates that capacity built to use wastepaper will increase around 1 million tons a year over the next three years.

For such mills, the problem is getting supplies. Suppliers cannot be too far away from a mill because of transportation costs. Large wastepaper wholesalers pay organizations and individuals for their wastepaper, but historically these prices have been very volatile: In recent years prices for newspapers have varied from a high of $30 a ton to a low of $18. But long term the future looks good for the wastepaper industry. Increased capacity, rising prices for virgin wood pulp and the trend toward tax incentives for investments in recycling processes should increasingly make wastepaper an economical alternative.

ings," says Lee Simpson, vice president for operations of Louisiana-Pacific, a big timber buyer.

The price problem may be blunted somewhat for those companies that own large tracts of timberland. Companies like Weyerhaeuser or Crown Zellerbach can simply shift to cutting more of their own trees, which are considerably cheaper than trees purchased outside. Wood costs may decline in the South as acreage systematically planted after World War II matures. That would allow companies like Georgia-Pacific or Champion International to increase the cutting of their own trees. In contrast, many West Coast producers rely on scarce and expensive timber from National Forests. Last summer Georgia-Pacific was even importing logs all the way from its acreage in Chile to keep a mill in the Northwest supplied.

Plywood prices are being affected not only by lower housing starts but also by increased competition from such plywood substitutes as waferboard and other products made from wood scraps. Louisiana-Pacific plans to open two waferboard mills in the Midwest this year that will compete directly with southern plywood manufacturers. Even if the recession is short-lived, plywood could be in trouble for a few years, thanks to an abundance of new capacity in the South.

Once housing turns around, earnings should recover quickly for most of the industry. Housing starts are expected to average around 2 million a year during most of the 1980s as more people reach prime home-buying age. Meanwhile, high interest costs plus lower output will hold inventory down.

Export markets for logs and lumber were strong last year but could slow if the Japanese, who are big log buyers, act to dampen their inflation. Weyerhaeuser, with its big export log business to Japan, will be most affected.

But remember that most big forest products companies are also paper companies, and the paper business should do better than lumber through 1980. Earnings from paper could fall by 10% to 30% for some producers, but 1979's 20% increase pushed net from paper to record levels—the decline will come from a high level. Papermakers hiked prices late last year, hoping to make up for expected 10% to 12% cost rises in 1980.

What's more, the slowdown in big-ticket consumer durables like autos and housing hasn't extended yet to nondurables using a lot of paper, such as packaging and publishing. Newspaper and magazine advertising are likely to benefit from a spillover from television, where the Olympic Games and the presidential campaigns will put a squeeze on time.

Paperboard, the largest part of the paper industry—49% of total output—seems in particularly good shape, especially linerboard, which is used to make corrugated boxes. Linerboard prices reached $250 to $270 a ton last year after several years of huddling around $200 a ton. "The breakeven point for the average linerboard producer is $220 a ton," says Gary Palmero, a forest products analyst with Oppenheimer & Co. Little new capacity was built during the years of low prices, so supplies were tight last year. This should help linerboard producers like Union Camp and Great Northern Nekoosa. International Paper shut down one of its older Louisiana mills last year, and over the next few years other older mills may close because of the cost of complying with the 1984 clean water regulations.

Coated papers (used principally in magazines) were in such tight supply last year that an estimated 10% of what was used had to be imported from Europe. The situation was so bad that Time Inc. suspended distribution of promotional copies of its magazines, cut back on newsstand distribution and was even printing on lower-quality groundwood paper. Capacity for coated papers should rise a hefty 6% this year. But the earnings of companies like Consolidated Paper, which is adding the most capacity, could still be up modestly, since high-cost imports will be cut back first.

Last year's newsprint shortage came from rising advertising

Forest Products & Packaging

Yardsticks of Management Performance

	Profitability								Growth			
	Return on Equity				Return on Total Capital				Sales		Earnings Per Share	
Company	5-year average	5-year rank	latest 12 months	debt/equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Forest Products												
Fort Howard Paper	28.2%	1	24.4%	0.2	19.3%	1	25.5%	17.4%	19.3%	3	27.7%	1
Union Camp	19.5	2	18.4	0.3	13.4	4	13.6	10.9	11.0	15	17.6	7
Mead	19.5	3	21.4	0.6	13.3	8	11.4	5.5	9.5	20	25.6	4
Kimberly-Clark	19.3	4	32.0	0.2	22.9	3	14.2	14.7	10.2	19	26.1	2
Willamette Inds	19.3	5	19.7	0.4	13.7	5	13.3	7.6	19.5	2	15.8	8
Georgia-Pacific	18.7	6	18.9	0.4	11.8	10	11.1	6.6	15.9	4	15.2	10
Consolidated Paper	18.4	7	25.2	0.1	20.8	2	16.1	12.5	15.1	5	26.0	3
Weyerhaeuser	17.6	8	23.6	0.6	15.6	7	12.2	12.4	13.1	7	11.5	12
Potlatch	17.0	9	19.2	0.4	13.2	6	12.3	10.0	11.5	14	23.3	5
International Paper	16.7	10	26.6	0.4	17.5	9	11.2	13.0	10.9	16	18.2	6
Louisiana-Pacific	16.3	11	19.1	0.3	13.2	11	10.7	8.5	21.8	1	10.5	16
Champion Intl	15.0	12	20.0	0.6	11.4	17	8.6	6.8	10.3	18	11.2	13
Great Northern Nekoosa	14.4	13	16.2	0.4	11.2	12	10.1	7.9	14.3	6	14.9	11
Westvaco	14.0	14	15.2	0.4	10.3	13	9.5	6.4	12.4	10	15.7	9
Crown Zellerbach	12.7	15	15.2	0.5	11.0	15	9.2	5.4	12.9	8	9.0	17
Boise Cascade	12.4	16	16.4	0.4	12.1	14	9.2	6.2	8.3	21	D-P	
St Regis Paper	12.3	17	13.8	0.4	9.7	16	8.9	6.4	12.7	9	10.6	15
Scott Paper	11.0	18	15.2	0.4	11.2	18	8.2	7.4	12.1	13	10.6	14
Southwest Forest Ind	10.2	19	15.6	0.8	10.4	20	6.7	4.0	12.4	12	6.5	19
Federal Paper Board	10.2	20	4.4	0.7	4.2	19	6.8	2.0	10.5	17	3.5	20
Hammermill Paper	9.6	21	12.0	0.6	7.7	21	6.7	3.1	12.4	11	8.1	18
Medians	16.3		18.9	0.4	12.1		10.7	7.4	12.4		15.1	

Forest Products & Packaging

Yardsticks of Management Performance

	Profitability								Growth			
	Return on Equity				Return on Total Capital				Sales		Earnings Per Share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Packaging												
Longview Fibre	17.1%	1	30.2%	0.0	18.5%	1	15.7%	11.4%	11.6%	10	11.3%	11
Crown Cork & Seal	16.7	2	16.6	0.0	14.6	3	14.0	5.1	15.1	4	16.2	5
Sonoco Products	16.6	3	17.1	0.1	14.1	2	14.1	6.6	11.9	9	17.2	3
Kerr Glass Mfg	15.6	4	9.1	0.5	7.3	7	9.7	2.9	11.3	11	24.8	1
Ball Corp	14.9	5	16.9	0.6	11.2	5	11.2	4.2	18.1	2	16.6	4
Stone Container	14.5	6	16.2	0.7	9.8	8	9.4	4.3	13.5	6	13.9	6
Anchor Hocking	13.6	7	12.0	0.3	9.4	6	10.9	4.1	13.4	8	9.8	13
Diamond Intl	13.3	8	14.3	0.2	11.3	4	11.3	5.3	9.7	14	5.4	15
Maryland Cup	13.1	9	12.4	0.4	8.8	9	9.2	4.0	15.6	3	13.1	7
American Can	12.4	10	13.2	0.5	8.8	12	8.8	2.9	11.0	12	17.6	2
Continental Group	12.2	11	11.0	0.4	8.2	10	9.1	3.5	9.1	15	12.0	9
Dorsey	12.0	12	14.9	0.7	8.9	13	8.4	2.4	18.1	1	11.9	10
Owens-Illinois	11.2	13	12.1	0.5	7.8	16	7.6	3.8	10.7	13	10.8	12
National Can	11.1	14	17.9	0.6	11.8	15	8.0	3.9	13.4	7	5.2	16
Bemis	11.1	15	17.6	0.4	11.4	14	8.1	4.5	6.4	17	12.9	8
Brockway Glass	10.9	16	4.2	0.4	4.0	11	9.0	1.4	14.6	5	6.1	14
Saxon Industries	5.3	17	6.3	1.0	4.9	17	4.2	1.2	8.9	16	−0.7	17
Medians	**13.1**		**14.3**	**0.4**	**9.4**		**9.2**	**4.0**	**11.9**		**12.0**	
Industry Medians	**14.2**		**16.3**	**0.4**	**11.3**		**9.6**	**5.5**	**12.4**		**12.9**	
All-Industry Medians	**15.1**		**18.7**	**0.4**	**11.8**		**11.0**	**5.3**	**13.1**		**13.1**	

Note: Explanation of Yardstick calculations on page 51.

D-P Deficit to Profit; not ranked.

linage, increased circulation and strikes in Canada and the U.S. The Los Angeles *Times* even offered its employees up to $25,000 in rewards for good suggestions on how to reduce newsprint waste. One hard-pressed Orange County, Calif. paper paid about $500 a ton for imported newsprint when domestic newsprint, if you could get it, went for $340 a ton. This year newsprint capacity in the U.S. will increase by 11%, but even that will merely lessen dependence on imports from Canada, which presently supplies two-thirds of U.S. newsprint.

About $20 billion worth of long-term expansion programs are now in the works or being planned. All this new capacity in an industry historically plagued by overcapacity has some people nervous. This year alone, companies like Boise Cascade, International Paper, Mead and St. Regis plan to up capital spending 20%, and Crown Zellerbach has announced plans over the next five years that would increase its expansion program by 50%. Thomas Clephane, forest products analyst with Morgan Stanley, predicts this new capacity combined with the recession could cut operating rates to around 89% of capacity from 92% last year. Much of the strength of paper earnings in recent years has come from the lack of additions to capacity in the 1970s. At operating rates below 90%, price increases will be hard to get. That would mean lower profit margins already squeezed by cost increases.

The companies say they need the expansion to meet increases in demand through the 1980s and that new capacity will be partially offset by closing older mills. Also, much of the capacity is coming in products like newsprint and coated papers where supplies are short. Paper companies are in better shape now than in the early 1970s when the last round of overbuilding occurred.

Not everyone, however, shares this rosy view. Salomon Brothers' analyst Bowen Smith is concerned particularly about coated papers. "Up to 1976, nobody wanted to be in the coated paper business," says Smith. "Then up popped specialty magazines and the business took off. But newsstand sales are off and people are cutting back on discretionary spending, just at a time when a lot of capacity is coming on."

Last year was a rocky one for nonpaper packaging, and 1980 looks like more of the same. Glass containers were hard hit by a cool summer and less drinking of beer and soft drinks. Plastic soda bottles finally took over the two-liter-size soda-bottle business and are moving into smaller sizes. Plastics are also beginning to make inroads in the nonbeverage markets. By the end of the year, inventories of glass containers at bottling plants were 10% higher than a year ago, and companies like Brockway Glass and Anchor Hocking (which suffered an estimated 33% profit decline) had closed several of their inefficient plants. For the plastic-bottle makers like Owens-Illinois and Dorsey Corp., however, profits will be at record highs.

Metal cans did better than glass last year, and can shipments this year are expected to be up 1%. Higher costs for aluminum sheet, steel and fuel, plus some excess capacity, will boost costs faster than prices can be raised without losing market share. But companies like American Can, which has big new contracts with brewers, and Crown Cork & Seal, the industry's most efficient producer, should hold their own.

Aluminum is again looking good in the battle against steel, largely because of the industry's success in collecting used aluminum. Recycled aluminum not only holds down raw material costs but also takes less energy than new aluminum.

You can't grow new aluminum like you grow new trees, but it is reassuring to know that the throwaway world has some redeeming aspects. ■

The industry is not as pessimistic about its prospects as the stock market is. Who will prove to be right?

Construction

THERE'S A TENDENCY TO COMPARE 1980 to the devastating housing collapse of 1975, when starts plummeted 43% from two years before, drumming thousands of small builders out of the business and scaring plenty of Big Board companies too. It won't happen that way again. The hard times of 1980 shouldn't be nearly as bad as 1975, providing construction companies have learned a few lessons. Given that the recession is here, the industry is almost itching for the test. Says Masonite Corp. President Robert N. Rasmus, "We rather welcome the opportunity to see what kind of a company we are today. We'll put to the test the changes we've made in the last five years." Translate: In 1975 earnings crashed 93% to 12 cents a share. Rasmus thinks the company is going to do a helluva lot better this time.

He's right, because the situation is different today. In 1975 cash-laden real estate investment trusts were chasing builders, slapping money into their hands. Give a builder money and what's he going to do? He'll build. Result: a disastrously overbuilt market just as money tightened and prospective buyers stayed home on Sunday afternoons.

This year it is different. Inventories of unsold homes are minimal and money is still available. Most of the big single-family FHA-VA builders are still offering mortgage money obtained at lower mid-1979 rates. True, the big backers of commercial projects, life insurance companies, have tightened the spigots. Prudential quit lending in late 1979. Equitable began writing mortgage commitments without specified rates—the rate will be set in a year or two when the mortgage money is actually advanced. As Equitable's Senior Vice President of Realty Operations Donald R. Waugh Jr. puts it, "Lending long term in today's inflation is like setting a cake of ice out in the sun and watching it melt." But all is not lost. The pipeline still contains money that entered prior to Fed Chairman Paul Volcker's interest rate shock of last Oct. 6.

Now for the big question. How many single-family starts in 1980? Consensus' guess is 1.4 million, in an industry capable of

The next boom: Will it be too much?

Although housing is sliding into a down year in 1980, you can bet your bottom dollar that it will be back up within a year or two. By 1982 we'll probably be back to at least 2 million starts. But what if housing should shoot right past the normal 2 million crest, heading for 2.5 million or so? A builder's delight?

"No, that would be a horror story," says U.S. Home Chairman Guy Odom. Sounds funny coming from a man who makes his living building houses. But he is right. It would be a horror story, and one that's not as improbable as it may sound.

Here's why. Today there are an estimated 18 million households in the 25-to-35-year-old bracket, a prime home buying market. That's 80% more than ten years ago. The demand for homes is building rapidly, perhaps to about 2.5 million a year. Fortunately, demand is curbed periodically by tight money and recessions.

Yet as the total population in the 25-to-35 age bracket grows, pent-up home buying demand also grows inexorably. Just as soon as credit eases up, all those anxious home buyers will scurry for the subdivisions. If enough mortgage money is available, the home-building industry might hammer its way right through the current optimum rate of 1.8 million to 2 million starts.

Beyond that lies the horror story. Listen to Ryan Homes Chairman Malcolm Prine, who says his company can make more money at the 2 million level than at the 2.5 million. "Land prices shoot up and builders start stealing each other's subcontractors. Materials, such as insulation and cement, show up late or not at all. That costs time and money." For instance, when Sheetrock was in short supply, U.S. Home's Odom remembers trucking it from Canada to his Florida home construction sites. And of course prices shoot up. In the last boom, building materials prices rose 50% faster than other commodities. Builders also wind up having to redo a great deal of the work done by inexperienced craftsmen.

What makes this situation so bad is that there's no reasonable solution as long as the economy continues on a roller-coaster track. Why should more craftsmen enter the trades when they know construction unemployment will top 20% in the next recession? What supplier is willing to invest in new production facilities when he knows darn well that another housing bust is never more than a few years away? Sure, lumber, plywood and a few other materials can be diverted to markets such as Japan, but what's General Electric going to do with a load of built-in dishwashers that were designed for a U.S. home buyer's standard of living? Sell them in Mexico or Korea?

efficiently producing about 1.9 million to 2 million units. That's down from last year's estimated 1.7 million and off 30% from two years ago, but not nearly so bad as 1975's total of less than 1.2 million, down 43% from two years earlier. Cushioning this slide are some dramatic changes in the mortgage market, changes that are keeping the market fluid when in years past it might have dried up. Consider:

- Five years ago money flowed out of S&Ls because the highest interest an S&L could offer was a six-year, 7¼% CD. Today S&Ls offer six-month certificates that pay Treasury bill rates, recently 11.7%.
- Today S&Ls can pass through many loans to outside investors—insurance companies, pension funds, etc., with bond issues and pass-through certificates. Five years ago these securities were not available.
- Today governmental agencies such as the Government National Mortgage Association (Ginnie Mae) are drawing billions of new investor dollars into the mortgage market. Last year investors bought $25 billion in Ginnie Mae certificates (vs. $4.5 billion in 1974), providing 550,000 FHA and VA home loans. Two-thirds of these investors were not in the mortgage market five years ago.

So how will home builders fare? Their prospects depend on two things, unemployment and mortgage rates. In 1975's housing debacle unemployment peaked at 9.1%, well above today's 5.8%. For each 1% increase in unemployment, however, a million American workers will be out on the streets. Dr. Michael Sumichrast, chief economist and vice president for the National Association of Home Builders, forecasts a 22% to 24% unemployment rate in construction alone by fall. Unemployment's principal market effect is psychological—it makes millions of *employed* workers too nervous to buy.

If interest rates stay high, many prospective buyers won't be able to qualify for loans. Last year a $75,000 loan at 10% required a $625 monthly interest payment. At a more current 13% rate (above usury ceilings in 20 states), the interest payment would exceed $800. Prospective buyers are further burdened by an enormous load of consumer debt. In the last five years consumer installment debt has risen nearly 86%, well beyond the 47% inflation rate in the same period.

The builders most endangered this year are the small ones, who on average build about 30 homes a year, representing 98% of the badly fragmented home building market. They build mostly in the conventional market, where interest rates and down payments are frightfully high. Small builders' financing costs are running about 20%, driving their home prices up. So speculative building is simply out of the question. Pity the poor builder who is strung out with unsold homes and saddled with heavy debts.

For the big builders, such as U.S. Home, Centex and Ryan Homes, 1980 looks more promising. In U.S. Home's headquarters market, Houston, home sales are off 15%, but U.S. Home's sales are *up* 15%. "I'll go out on a limb," says Chairman Guy Odom. "I think we'll do better this year than last. I'm not saying how much better, maybe only a nickel, but I think we'll do better."

Companies like U.S. Home have enormous financing advantages. While small builders are shouldering 20% financing to carry their inventory, U.S. Home's weighted cost is only 8.4%, a combination of no-cost equity, 5.5% debentures, notes at 10% and 10.75%, plus bank loans at one-fourth of 1% over prime. The big companies are also capable of shifting the mix in their building. U.S. Home is doubling its attached-home production to comprise 30% of its business, because attached

Construction—Building Materials

Yardsticks of Management Performance

	Profitability								Growth			
	Return on Equity				Return on Total Capital				Sales		Earnings Per Share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Lumber												
Willamette Inds	19.3%	1	19.7%	0.4	13.7%	1	13.3%	7.6%	19.5%	2	15.8%	1
Georgia-Pacific	18.7	2	18.9	0.4	11.8	3	11.1	6.6	15.9	3	15.2	2
Weyerhaeuser	17.6	3	23.6	0.6	15.6	2	12.2	12.4	13.1	4	11.5	3
Louisiana-Pacific	16.3	4	19.1	0.3	13.2	4	10.7	8.5	21.8	1	10.5	5
Champion Intl	15.0	5	20.0	0.6	11.4	6	8.6	6.8	10.3	7	11.2	4
Boise Cascade	12.4	6	16.4	0.4	12.1	5	9.2	6.2	8.3	8	D-P	
Southwest Forest Inds	10.2	7	15.6	0.8	10.4	8	6.7	4.0	12.4	6	6.5	6
Edward Hines Lumber	8.6	8	7.0	0.1	6.3	7	8.0	1.6	12.7	5	6.0	7
Medians	**15.7**		**19.0**	**0.4**	**12.0**		**10.0**	**6.7**	**12.9**		**11.2**	
Cement & Gypsum												
Ideal Basic Inds	16.3%	1	18.4%	0.3	13.0%	1	12.2%	12.7%	11.5%	3	15.1%	1
United States Gypsum	14.4	2	23.8	0.2	16.3	2	10.7	8.4	12.2	2	14.8	2
Gifford-Hill	12.8	3	18.2	0.4	13.1	3	9.6	6.3	14.6	1	9.5	4
Lone Star Industries	12.6	4	19.0	0.5	11.7	5	8.5	8.2	10.6	4	9.5	5
National Gypsum	12.4	5	19.5	0.4	14.4	3	9.6	7.9	8.6	5	12.3	3
Penn-Dixie Inds	def	6	5.7	0.8	5.6	6	def	1.1	3.8	6	P-D	6
Medians	**12.7**		**18.7**	**0.4**	**13.1**		**9.6**	**8.1**	**11.1**		**10.9**	
Other Building Materials												
Bird & Son	19.6%	1	13.4%	0.0	12.6%	1	18.0%	4.6%	16.3%	2	16.5%	5
Owens-Corning Fiberglas	19.0	2	17.2	0.2	13.7	2	14.3	5.3	18.5	1	23.2	2
Jim Walter	17.0	3	16.6	0.8	10.0	6	11.0	5.2	10.4	8	14.0	7
Evans Products	16.9	4	23.1	0.6	13.9	9	10.3	4.3	2.7	17	36.7	1
Congoleum	15.8	5	26.7	0.1	23.9	3	13.8	8.6	7.6	12	15.4	6

Construction—Building Materials

Yardsticks of Management Performance

	Profitability								Growth			
	Return on Equity				Return on Total Capital				Sales		Earnings Per Share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Ferro	15.4	6	17.3	0.1	15.2	4	13.7	5.5	14.6	3	9.8	12
Certain-teed	14.7	7	6.4	0.4	5.8	7	10.7	2.6	13.7	4	18.8	3
Interpace	13.4	8	16.4	0.5	10.0	12	8.9	6.4	7.9	11	17.3	4
H H Robertson	12.9	9	13.9	0.4	10.3	8	10.3	2.7	6.2	14	11.4	11
Masonite	12.7	10	20.5	0.0	17.0	5	11.0	9.5	11.2	7	4.0	15
PPG Industries	12.5	11	14.1	0.4	10.7	10	9.4	5.4	12.3	6	12.2	9
Johns-Manville	11.9	12	12.5	0.4	7.2	13	8.6	5.8	13.4	5	8.9	13
DeSoto	11.1	13	8.6	0.3	7.3	11	9.1	2.5	4.9	16	12.7	8
Flintkote	10.9	14	20.7	0.4	13.8	15	7.8	6.7	7.4	13	11.8	10
Armstrong Cork	10.4	15	12.3	0.2	10.1	14	8.5	5.0	10.0	9	6.3	14
Ceco	7.1	16	12.8	0.3	10.3	16	6.0	3.1	5.3	15	–6.5	16
Sherwin-Williams	3.8	17	3.9	0.8	3.4	17	3.9	0.9	9.8	10	–12.5	17
Medians	**12.9**		**14.1**	**0.4**	**10.3**		**10.3**	**5.2**	**10.0**		**12.2**	
Building Equipment												
Masco	24.3%	1	25.8%	1.0	13.1%	3	16.2%	9.9%	26.7%	1	23.1%	1
Dover Corp	24.3	2	25.6	0.2	22.1	1	20.2	8.9	14.2	2	19.7	2
Norris Industries	20.9	3	16.1	0.1	15.0	2	18.3	5.7	10.5	6	16.6	3
American Standard	20.5	4	26.5	0.4	18.4	5	14.1	5.3	4.5	7	D-P	
Butler Manufacturing	17.2	5	18.2	0.2	15.1	4	14.4	5.7	12.2	4	15.0	4
Trane	11.6	6	11.9	0.2	9.5	6	9.5	4.3	11.5	5	8.7	5
Wylain	7.2	7	8.5	0.6	6.8	7	5.9	2.3	12.9	3	–4.8	6
Medians	**20.5**		**18.2**	**0.2**	**15.0**		**14.4**	**5.7**	**12.2**		**15.8**	
Industry Medians	**13.9**		**17.3**	**0.4**	**12.4**		**10.3**	**5.7**	**11.8**		**13.0**	
All-Industry Medians	**15.1**		**16.7**	**0.4**	**11.8**		**11.0**	**5.3**	**13.1**		**13.1**	

Note: Explanation of Yardstick calculations on page 51.
P-D Profit to Deficit. D-P Deficit to Profit; not ranked. def Deficit.

homes, such as town houses, cost less and sell better in a tight market.

Pittsburgh-based Ryan Homes, a conservatively managed company that hasn't suffered an earnings decline in years, is a good example of why diversified builders ought to survive well in 1980. If Ryan were operating only in unemployment-ridden Pittsburgh, the company would be in big trouble. But it's also building in Charlotte and in Atlanta, two strong markets. Ryan Chairman Malcolm M. Prine thinks his company will do "slightly better" in 1980 than last year.

The least optimistic of the big three home builders is Centex. Chairman Frank Crossen thinks 1980 starts will total about 1.25 million. Like other big builders, Centex is playing it safe by concentrating on FHA-VA homes, with their low down payments and easy financing. Centex learned a bitter lesson in 1975 when it jumped into the sexy high-rise condo market and, halfway through construction, got caught in the bust. "When money gets tight you just can't quit building at the tenth floor of a 30-story condo," says Crossen. "At least with detached homes you can stop building if sales fall off."

For home buyers there is one bright spot in the housing falloff. Mill prices of lumber, which peaked late last summer, have headed down along with housing starts. Plywood fell 14% while green Douglas fir two-by-fours tumbled 51%. Price breaks aren't likely to follow in manufactured materials, but as Ryan's Prine puts it, "We're not going to take some of these price increases in a slack housing market. The demand's just not there. We'll find some other suppliers." Unfortunately costs of labor and land are both rising, exceeding materials cost in the average new home, so don't look for home prices to fall.

What of the building materials suppliers? It's a cinch that many of them will have down years, simply because housing starts are falling. But because many of them reaped fat profits in 1978-79, these companies are improving their manufacturing facilities, which means more efficiency. "For the early '80s, we're budgeting about $100 million a year for capital spending," says U.S. Gypsum's Chairman Graham J. Morgan. "A few years ago we couldn't spend more than $50 million."

Perhaps more important, they've had the money to slide into the fast-growing repair and remodeling sectors. For instance, today less than 40% of National Gypsum's business is dependent on new home starts, principally because the company has pushed into such areas as ceramic tile and vinyl products, both used extensively in commercial building and remodeling.

National Gypsum's President John P. Hayes says he thinks the repair and remodeling business will grow as large as new residential construction by the mid-Eighties. "The nation's stock of housing and commercial buildings is rising, and that helps the repair and remodeling business," he says. "Plus with today's housing values, owners have an equity to borrow against if they want to add on or remodel." Masonite President Robert Rasmus says his company's emphasis on the remodeling and repair sectors is one reason Masonite will be hurt "far less this year than we were five years ago."

Companies such as Evans Products ought to do particularly well. More than half of Evans' sales are housing-related, with the majority in do-it-yourself lines ranging from partially completed homes to components sold through Evans' home centers. Chairman Monford A. Orloff says Evans' do-it-yourself sales "are up substantially." He adds that Evans has all the mortgage and construction financing it needs for its partially completed homes, and thinks interest rates have peaked.

The cement industry, which sells about one-third of its product to the new home market, will cool off for the first time in several years. The Portland Cement Association predicts cement usage will slip about 2% to 4% this year, which will put factories back on more normal operating schedules. Most of the last two years of allocation has ended, except for a few spots such as the West Coast. "Our people in the field don't feel pessimistic yet," says Ideal Basic Industries CEO and President John A. Love, "but if the Fed's current monetary policy remains in place much longer, we will be affected." Industry capacity isn't likely to expand much, because many obsolescent plants are being closed while sky-high costs hold down construction of new ones. When new home starts strengthen in a year or so, cement supply is almost certain to be tight.

> ***"We rather welcome the opportunity to see what kind of company we are today. We'll put to the test the changes that we've made in the last five years."—Masonite Corp. President Robert N. Rasmus***

Heavy construction should fare reasonably well, because 1980's earnings will flow from projects started a year or two ago. If there has been a disappointment for heavy contractors it is that an expected capital spending spree never materialized. Profits in some heavy industries have been so slim that boards apparently could not justify building new facilities.

Among the contractors' biggest problems today is getting customers to acknowledge their bills and pay them promptly. "In 1979 we lost about 50 cents a share in net earnings because some of our customers have money managers who find ways to hold back payments," explains Fischbach & Moore Executive Vice President Philip Heller. "That forces us to borrow at these high interest rates. None of this was contemplated a year or two ago when the same customers signed the contracts," he complains.

For all the talk of a "soft landing" scenario, the stock market's view isn't quite so sanguine as that of building industry CEOs. Look at the companies' P/Es: U.S. Gypsum and U.S. Home at 4; Lone Star Industries at 5; Morrison-Knudsen and Armstrong Cork at 6 and Masonite at 7. During the last year all six companies have been busy buying back their own stock. Come next year we'll see what kind of bargain that was. ■

Construction—Contractors

Yardsticks of Management Performance

	Profitability								**Growth**			
	Return on Equity				Return on Total Capital				Sales		Earnings Per Share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Heavy Construction												
Parsons	32.4%	1	26.5%	0.3	22.2%	1	23.2%	3.4%	18.4%	11	34.7%	4
Parker Drilling	26.1	2	24.2	0.8	14.8	7	14.5	11.8	35.2	2	36.6	2
Halliburton	24.4	3	19.3	0.1	15.9	3	19.4	5.0	26.2	5	30.7	8
Fluor	23.7	4	23.2	0.0	20.5	2	22.0	2.9	32.6	3	34.0	5
J Ray McDermott	21.6	5	0.5	0.3	2.8	4	16.6	1.1	36.3	1	29.8	9
Raymond Intl	21.6	6	16.8	0.4	12.2	6	15.6	2.4	21.0	8	65.8	1
Blount	21.4	7	22.8	0.5	14.6	9	12.5	2.3	9.3	16	18.0	13
Santa Fe Intl	18.5	8	3.3	0.7	2.7	11	10.8	2.4	21.7	7	27.4	10
C F Braun	18.5	9	12.0	0.0	8.7	8	13.7	4.2	18.7	10	32.4	6
Turner Construction	16.1	10	18.7	0.0	18.8	5	16.1	0.4	7.0	17	6.1	15
SEDCO	16.0	11	2.4	0.9	3.3	14	9.8	2.3	22.0	6	18.2	12
Morrison-Knudsen	14.3	12	16.9	0.3	14.2	12	10.7	2.0	15.1	13	27.0	11
Fischbach & Moore	14.1	13	13.5	0.3	10.9	13	10.6	1.7	10.4	15	5.5	16
Dravo	13.7	14	13.5	0.1	13.2	10	11.0	2.7	15.6	12	15.6	14
United States Filter	9.5	15	9.0	0.5	6.9	15	8.7	3.5	27.2	4	35.8	3
Perini	7.8	16	7.7	0.1	6.3	16	6.4	1.2	12.7	14	31.5	7
Dynalectron	6.0	17	3.5	0.8	3.6	17	5.4	0.3	20.6	9	–3.1	17
Medians	**18.5**		**13.5**	**0.3**	**13.2**		**12.5**	**2.4**	**20.6**		**29.8**	
Home Building												
Ryan Homes	20.2%	1	21.0%	0.2	17.8%	1	17.9%	4.0%	16.5%	3	13.7%	3
Centex	19.3	2	21.4	1.0	8.5	3	9.1	3.3	20.5	1	18.0	1
U S Home	16.6	3	28.2	0.8	15.8	4	8.8	4.5	17.3	2	14.6	2
Del E Webb	10.8	4	9.2	0.8	10.3	2	9.9	2.1	6.4	5	11.3	4
Kaufman & Broad	7.6	5	10.3	0.1	7.4	5	6.1	3.5	8.5	4	10.7	5
Medians	**16.6**		**21.0**	**0.8**	**10.3**		**9.1**	**3.5**	**16.5**		**13.7**	
Industry Medians	**17.6**		**18.3**	**0.3**	**11.6**		**10.9**	**2.6**	**18.6**		**22.8**	
All-Industry Medians	**15.1**		**16.7**	**0.4**	**11.5**		**11.0**	**5.3**	**13.1**		**13.1**	

Note: Explanation of Yardstick calculations on page 51.

When a new development comes along, federal agencies act like aroused tomcats. You can hear the screeching and hissing for miles around.

Finance

SECURITIES & EXCHANGE COMMISSION Chairman Harold M. Williams was completely unprepared. The occasion was the annual convention of the Securities Industry Association, and he was heading into the conference room at the Boca Raton Hotel and Club for an informal chat with reporters. Williams did a double take. There, on one side of the room, was a makeshift throne, fashioned of armchairs and potted palms. Williams' look of surprise turned into a grin. He didn't have to be told what the throne symbolized: the empire-building tendencies of his and other federal agencies. The joke wasn't aimed at Williams; he has been a sensible regulator. It was aimed at the career bureaucrats who staff most of the federal agencies that regulate finance.

In the old days, the boundaries between one part of the financial industry and another were fairly clear. There was banking. There was brokerage. There was insurance. There were stock mutual funds, thrifts, credit unions. But where are the boundaries now? Merrill Lynch currently offers something called a Cash Management Account. It is, essentially, a margin account, but it pays dividends on a cash management money fund and offers checkwriting and VISA card privileges. What kind of animal is it? Banker? Or broker?

When the boundaries *were* clear, there was no quarrel over who was to do the regulating. The SEC regulated the brokers and mutual funds. The Federal Reserve, the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corp. regulated banks. A few banks and all insurance companies were under state control. But who regulates a Merrill Lynch Cash Management Account? Who? The Fed or the SEC?

The SEC is also fighting the Commodity Futures Trading Commission for jurisdiction over many types of futures dealings. Who should oversee a mutual fund of commodities futures contracts? Both organizations assert jurisdiction. What about a mutual fund whose portfolio consists of U.S. Treasury issues? "It's ours," says the SEC. "Nonsense," says the Treasury Department.

It's a real donnybrook. Listen to David G. Gartner, an outspoken Commodity Futures Trading Commissioner: "The Federal Reserve Board has expressed regulatory interest in the futures market in GNMA certificates, the Department of the Treasury in Treasury notes, bills and bond futures. And the Securities & Exchange Commission in proposed futures contracts in stock indices or securities."

The ubiquitous (some would say obnoxious) Federal Trade Commission has gotten into the financial act, too. It has asked Congress for legislation making it mandatory that small businessmen be told which private credit agency's report resulted in denial of credit—a back door into jurisdiction over industries that are supposed to be other agencies' turf.

The FTC has also blustered its way into life insurance. Insurance operations are solely under the jurisdiction of state commissioners, but that didn't stop the FTC from issuing a

Not just another empire, he protests

NATIONAL PRESS CLUB

The Securities & Exchange Commission has decided it cannot function without an overview of the economy and the economic effect of each of its decisions. To get this information, the agency is finally staffing its long-existing economic organization, building it to 46 professionals to do the job.

"I know there are underutilized economists in government service, but we need those with special skills who know securities and economics," says SEC Chairman Harold M. Williams.

The Directorate of Economic and Policy Research's task is to evaluate, among other things, the impact of trade practices on earnings and capital of securities firms.

"More and more, the regulator is asked to leave the comparatively narrow and familiar scope of a single industry and join in more expansive public policy debates," says Williams. That is why the SEC has told Congress that if commercial banks were given permission to underwrite municipal revenue bonds, smaller broker-dealers—presumably those which are now marginally profitable—could be forced out of business. Williams argues—with some merit—that loss of these revenues could weaken brokers and damage the U.S. capital-raising mechanism. That's why he wants an economics research section.

Of course, the SEC's critics see it differently. They think the regulatory agency is just empire building.

Finance—Banks

Yardsticks of Management Performance

	Profitability								Growth			
	Return on Equity				Return on Total Capital				Sales		Earnings Per Share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
New York Banks												
Citicorp	15.9%	1	15.5%	1.0	9.7%	4	11.0%	5.1%	19.3%	1	12.7%	1
J P Morgan & Co	15.4	2	15.7	0.3	13.4	1	12.9	8.8	15.9	4	11.0	2
Mfrs Hanover Corp	14.7	3	14.6	0.5	11.5	2	11.6	5.9	17.7	2	10.6	3
Bank of New York	12.8	4	13.8	0.2	12.2	3	11.0	6.4	12.5	6	4.8	6
Irving Bank Corp	12.6	5	14.3	0.5	10.7	5	9.7	5.6	10.9	8	9.8	4
Chemical New York	11.7	6	12.1	0.5	8.9	6	9.1	4.3	16.7	3	6.2	5
Chase Manhattan	10.3	7	14.6	0.4	11.1	7	8.2	5.1	14.4	5	2.6	7
Bankers Trust NY	9.9	8	13.0	0.4	10.0	8	8.2	4.3	12.1	7	1.2	8
Marine Midland Banks	4.9	9	7.8	0.9	5.8	9	4.3	2.7	6.3	9	−12.9	9
Medians	**12.6**		**14.3**	**0.5**	**10.7**		**9.7**	**5.1**	**14.4**		**6.2**	
Regional Banks												
BankAmerica Corp	17.7%	1	18.8%	0.4	14.4%	6	13.8%	6.6%	17.5%	5	14.7%	6
Texas Commerce Bshs	17.5	2	18.1	0.1	16.6	1	16.4	10.8	27.5	1	14.8	5
Michigan National	17.4	3	16.9	0.4	13.0	7	13.7	9.2	14.0	17	13.6	7
U S Bancorp	17.4	3	18.0	0.5	12.9	3	13.9	12.6	14.5	15	14.9	4
First Intl Bancshares	17.2	5	17.9	0.4	14.3	5	13.8	9.5	22.6	3	13.4	8
Republic of Texas	16.7	6	15.2	0.3	12.5	4	13.9	8.0	20.0	4	15.4	2
Seafirst	15.7	7	16.5	0.2	15.8	2	15.4	9.1	15.7	8	12.6	10
Continental Illinois	15.7	8	15.7	0.4	12.5	10	13.3	6.4	17.2	7	12.5	11
First City Bancorp	15.5	9	16.5	0.2	14.6	9	13.4	8.7	23.1	2	12.9	9
Valley National Bank Ariz	15.3	10	19.4	0.2	17.2	12	13.1	10.0	12.2	23	11.3	14
Rainier Bancorp	15.1	11	15.3	0.2	13.2	11	13.2	8.3	15.7	9	16.7	1
Northwest Bancorp	14.9	12	15.7	0.4	12.1	16	12.0	9.6	15.1	10	11.4	13
Crocker National Corp	14.8	13	22.2	0.4	14.6	24	10.3	7.9	13.9	18	10.8	16
First Bank System	14.8	14	16.2	0.3	13.2	15	12.1	10.4	13.4	19	9.4	19
Wells Fargo	14.7	15	16.5	0.5	12.0	22	11.0	6.5	15.0	11	15.0	3
Security Pacific	14.1	16	17.2	0.4	12.6	17	12.0	7.0	15.0	13	12.4	12
DETROITBANK Corp	14.1	17	15.5	0.1	14.3	8	13.6	10.7	12.1	24	10.8	15
Western Bancorp	13.9	18	18.0	0.4	13.8	20	11.3	7.8	11.8	27	10.3	17
Wachovia Corp	13.8	19	14.6	0.1	14.2	14	12.6	10.5	10.5	31	9.8	18
Manufacturers National Corp	13.8	20	14.8	0.2	12.7	19	11.5	8.6	12.0	25	9.2	20
Pittsburgh National	13.6	21	15.0	0.1	14.3	13	12.9	10.4	13.0	20	8.8	22
National Detroit Corp	12.8	22	13.1	0.1	12.0	21	11.1	9.5	9.5	34	9.1	21
NCNB	12.5	23	17.0	0.8	11.2	30	8.7	8.5	11.1	30	5.6	30
First Chicago Corp	12.4	24	11.3	0.3	9.5	25	10.2	5.3	15.0	12	8.2	24
Philadelphia National	12.0	25	13.7	0.6	9.8	29	9.4	7.4	11.9	26	4.0	32
Northern Trust	11.9	26	10.7	0.2	9.4	23	10.4	6.1	11.3	28	7.1	27
AmeriTrust Corp	11.6	27	11.6	0.0	11.6	18	11.6	11.8	12.5	22	8.4	23
Harris Bankcorp	11.3	28	9.2	0.2	8.4	27	9.7	5.4	12.5	21	6.3	29
Girard	11.2	29	15.4	0.6	11.0	31	8.4	7.9	9.6	33	4.1	31
Mellon National Corp	11.0	30	12.2	0.2	11.0	28	9.5	9.0	9.9	32	7.7	25
BancOhio Corp	10.9	31	10.9	0.1	10.0	26	10.1	7.5	14.5	15	6.3	28
First National Boston	10.3	32	13.6	0.9	8.9	32	7.5	5.4	14.6	14	3.0	33
Southeast Banking	9.6	33	14.7	0.8	10.2	33	7.5	8.1	17.3	6	−1.0	35
BanCal Tri-State	9.5	34	11.7	0.6	8.7	35	7.3	5.9	7.1	38	7.5	26
First Wisconsin Corp	9.1	35	12.0	0.5	9.4	34	7.4	5.4	8.9	35	1.9	34
First Penna Corp	7.7	36	6.6	0.8	5.9	36	6.2	2.5	11.3	29	−9.7	36
Citizens & Southern NB-Ga	5.4	37	9.5	0.1	8.8	37	5.4	5.0	7.8	36	−15.0	37
Fidelcor	2.8	38	def	0.6	def	38	3.0	def	7.4	37	−26.7	38
Medians	**13.8**		**15.3**	**0.4**	**12.3**		**11.4**	**8.1**	**13.2**		**9.3**	
Industry Medians	**13.6**		**14.8**	**0.4**	**12.0**		**11.0**	**7.8**	**13.4**		**9.2**	
All-Industry Medians	**15.1**		**18.7**	**0.4**	**11.8**		**11.0**	**5.3**	**13.1**		**13.1**	

Note: Explanation of Yardstick calculations on page 51.
def Deficit.

report that charged inadequate life insurance company policy cost disclosure. This, naturally, angered the commissioners.

While the FTC battles with the National Association of Insurance Commissioners, the SEC is objecting to commercial bank marketing of guaranteed investment contracts, which are single-premium annuities with a guaranteed rate of return.

The proliferation of high-interest-bearing money market mutual funds, money market certificates offered by thrift institutions and credit unions, and the sale of federal agency securities is unsettling to officials like Fed Chairman Paul A. Volcker. He feels that enormous amounts of money are escaping the Fed's reach and are beyond control when the central bank wishes to stimulate or to restrain economic activity.

Last summer G. William Miller, who was then chairman of the Federal Reserve Board, warned Congress of the proliferation of deposit-type instruments. He suggested some form of central bank control over them. For example, the large sums invested in money instruments and money market funds are handled as deposits, subject to checking withdrawal.

The Investment Company Institute is battling the SEC, the CFTC and the banking agencies over a mutual fund specializing in speculation in commodity futures. The Boston Futures Fund, underwritten by Thomson McKinnon Securities Inc., requested advice from the SEC about exemption from registration. The SEC replied that Boston Futures Fund and its adviser need not register under the Investment Company & Investment Advisers Act, provided that the fund limits its investment in futures contracts on securities to U.S. Treasury GNMA and commercial paper. The odd circumstance is that money market funds that invest in the actual Treasury securities—not in contracts for future delivery—have regularly been registering with the SEC.

A refreshing exception to the interagency squabbling is in banking. There, the five major regulators have formed the Federal Financial Institutions Examination Council to cover questions of interest to the entire financial industry sphere. Joint announcements covering government guaranteed loans, electronic funds transfer and a uniform rating system for financial institutions are among dozens of harmonious decisions.

But this is an exception. Nearly everywhere else among the regulatory agencies, the scene is like a back alley with a bunch of tomcats stalking a lady cat in heat. Much hissing and clawing and screeching, with everybody after the same girl. All, of course, in the name of protecting the public. ■

Finance—Consumer Finance

Yardsticks of Management Performance

	Profitability								Growth			
	Return on Equity				Return on Total Capital				Sales		Earnings Per Share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Finance Companies												
Household Finance	15.7%	1	17.4%	2.0	7.2%	1	7.3%	3.7%	12.4%	2	9.0%	2
Beneficial Corp	13.6	2	14.2	2.5	6.1	3	6.3	5.1	6.7	4	4.0	4
CIT Financial	12.3	3	16.9	2.2	7.6	2	6.3	24.5	6.9	3	4.3	3
Control Data	7.4	4	11.0	0.4	8.6	4	6.0	3.8	13.0	1	16.0	1
Medians	**13.0**		**15.6**	**2.1**	**7.4**		**6.3**	**4.5**	**9.7**		**6.7**	
Financial Services												
Marsh & McLennan	32.6%	1	35.3%	0.0	35.2%	1	32.2%	15.6%	15.2%	11	15.3%	14
Shearson Hayden Stone	26.5	2	29.3	1.1	20.0	4	15.7	6.6	34.6	1	62.6	2
American Financial	26.1	3	64.2	1.9	14.8	16	8.2	8.8	27.5	2	21.9	6
Arco	23.0	4	21.5	3.0	6.9	17	7.8	6.2	5.5	20	D-P	
E F Hutton Group	22.9	5	20.5	0.4	16.1	2	18.3	4.5	24.5	3	26.2	4
Baldwin-United	21.4	6	26.7	0.5	16.5	5	14.7	9.1	19.4	6	17.7	9
American Express	19.6	7	21.9	0.3	17.5	3	16.3	7.6	15.7	10	16.9	11
Paine Webber	18.0	8	16.9	0.4	12.6	11	13.2	2.7	22.1	4	32.2	3
Transamerica	16.3	9	19.7	0.8	12.1	15	10.2	5.9	10.9	18	24.2	5
Imperial Corp of Am	16.2	10	17.1	0.3	14.1	6	14.0	13.1	20.1	5	21.0	7
Federal Natl Mortgage	15.9	11	13.2	24.3	4.8	20	4.2	4.4	14.4	13	11.3	16
H F Ahmanson	15.1	12	15.8	0.6	11.5	10	13.3	10.2	18.9	7	16.8	12
First Charter Finl	14.8	13	13.3	0.6	9.8	7	13.8	11.9	17.6	9	16.6	13
Great Western Financial	14.3	14	16.5	0.2	14.4	12	13.1	11.2	15.0	12	17.2	10
Merrill Lynch & Co	14.0	15	14.0	0.0	13.9	8	13.7	5.3	14.4	14	8.9	17
Walter E Heller Intl	13.9	16	13.9	2.8	6.7	18	7.3	6.3	11.6‡	16	4.9‡	19
Dean Witter Reynolds	13.7	17	7.1	0.1	7.4	9	13.4	2.2	18.5	8	11.8	15
Sears, Roebuck	12.6	18	12.3	0.3	10.1	13	10.5	5.0	7.8	19	6.1	18
Bache Group	7.5	19	9.2	0.2	9.1	19	7.1	2.5	12.5	15	18.3	8
Reliance Group	3.1	20	34.8	1.1	15.2	14	10.3	6.9	11.3	17	140.5	1
Medians	**16.1**		**17.0**	**0.5**	**13.3**		**13.3**	**6.7**	**15.5**		**17.2**	
Industry Medians	**15.4**		**16.9**	**0.8**	**11.8**		**11.8**	**6.4**	**14.7**		**16.8**	
All-Industry Medians	**15.1**		**16.7**	**0.4**	**11.8**		**11.0**	**5.3**	**13.1**		**13.1**	

Note: Explanation of Yardstick calculations on page 51.
‡Four-year growth. D-P Deficit to Profit; not ranked.

Finance—Insurance

Yardsticks of Management Performance

	Profitability								Growth			
	Return on Equity				Return on Total Capital				Sales		Earnings Per Share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Life												
American Family	29.0%	1	24.7%	0.1	22.6%	1	27.6%	7.9%	40.8%	1	22.9%	1
Combined Insurance	21.9	2	22.2	0.0	21.8	2	21.3	13.4	12.5	4	12.9	6
Provident Life & Accident	18.8	3	18.5	0.0	18.5	3	18.8	7.9	9.1	11	17.7	3
USLIFE	16.8	4	17.5	0.4	13.5	6	13.5	11.6	12.2	5	11.8	9
Republic National Life	14.5	5	17.2	0.0	17.2	4	14.5	4.6	3.6‡	16	14.6‡	5
Southwestern Life	14.5	6	14.5	0.0	14.5	5	14.5	10.6	5.8	15	11.5	10
Jefferson-Pilot	13.6	7	14.4	0.0	14.3	7	13.5	12.8	10.1	9	12.4	7
Gulf United	13.3	8	16.5	0.5	13.7	11	11.3	12.3	12.2	5	4.7	16
Capital Holding Corp	13.2	9	13.5	0.0	13.2	8	13.0	16.2	8.6	13	12.3	8
Liberty National Life	12.6	10	12.7	0.0	12.7	9	12.6	14.9	9.7	10	9.8	14
American National Ins	12.3	11	15.3	0.0	15.3	10	12.2	12.8	10.2	8	17.4	4
NLT	11.5	12	11.6	0.0	11.2	12	11.3	17.2	8.9	12	11.2	12
Business Men's Assurance	11.2	13	18.8	0.1	18.0	14	9.9	10.7	7.1	14	21.8	2
Washington National Corp	10.5	14	13.2	0.0	11.9	15	9.2	3.6	20.2	2	6.6	15
PennCorp Financial	10.3	15	14.6	0.7	10.4	16	9.2	7.9	15.6	3	11.2	11
Nationwide Corp	9.9	16	10.9	0.0	11.3	13	10.0	5.6	11.0	7	10.9	13
Medians	**13.3**		**15.0**	**0.1**	**14.0**		**12.8**	**11.2**	**10.2**		**12.1**	
Fire & Casualty												
Ohio Casualty	23.7%	1	29.4%	0.0	28.8%	2	23.0%	10.0%	16.7%	4	16.7%	7
U S Fidelity & Guaranty	23.5	2	27.9	0.0	27.9	1	23.6	10.6	14.4	7	22.1	1
General Reinsurance	21.5	3	23.0	0.0	22.3	4	20.6	13.6	18.1	2	21.4	2
Kemper Corp	21.4	4	24.2	0.0	24.4	3	21.2	6.9	19.8	1	20.9	3
Republic Finl Services	19.3	5	22.3	0.4	17.1	8	15.1	6.5	17.5	3	13.1	9
Crum & Forster	19.2	6	25.7	0.0	24.6	5	18.1	8.1	13.8	8	16.9	6
Hanover Insurance	18.8	7	20.8	0.0	20.2	6	17.8	6.3	14.9	6	17.7	5
ERC	17.8	8	22.8	0.1	21.3	7	16.0	8.9	16.6	5	19.4	4
Continental Corp	14.5	9	17.8	0.1	16.2	9	13.3	8.9	11.0	10	14.3	8
NN Corp	12.4	10	21.5	0.2	17.5	10	12.3	6.4	13.3	9	4.4	10
GEICO	3.8	11	53.8	0.2	22.4	11	def	9.1	6.7	11	P–D	11
Medians	**19.2**		**23.0**	**0.1**	**22.3**		**17.8**	**8.9**	**14.9**		**16.9**	
Multiple Line												
Colonial Penn Group	27.8%	1	23.7%	0.0	23.7%	1	27.3%	10.1%	25.6%	1	21.1%	3
American Intl Group	27.0	2	23.4	0.1	21.7	2	24.6	10.0	21.0	2	24.2	1
St Paul Companies	22.7	3	20.4	0.2	17.9	4	20.0	9.2	15.2	4	19.6	4
Farmers Group	21.5	4	19.8	0.0	19.4	3	20.4	23.1	13.1	7	18.4	7
CNA Financial	19.1	5	31.4	0.3	15.1	13	10.5	6.4	6.4	13	D–P	
Aetna Life & Casualty	18.7	6	23.0	0.1	20.5	5	16.9	5.1	13.8	5	19.0	5
Safeco	18.2	7	21.0	0.3	17.0	8	14.3	10.8	13.1	8	21.2	2
Amer General Insurance	17.1	8	20.0	0.2	14.9	10	13.1	8.6	12.6	10	18.6	6
Chubb	16.7	9	20.0	0.1	18.7	7	15.1	8.2	11.7	11	16.0	8
Connecticut General	16.3	10	15.3	0.0	15.0	6	15.7	5.1	13.2	6	15.9	9
Travelers	14.6	11	18.4	0.0	17.4	9	13.8	4.9	11.6	12	15.4	10
INA	13.1	12	17.8	0.3	14.4	11	12.1	5.1	16.6	3	9.4	12
Lincoln National Corp	11.6	13	13.6	0.0	12.4	12	10.9	6.7	12.7	9	9.4	11
Medians	**18.2**		**20.0**	**0.1**	**17.4**		**15.1**	**8.2**	**13.1**		**18.5**	
Industry Medians	**16.8**		**19.9**	**0.1**	**17.3**		**14.4**	**8.9**	**12.9**		**15.0**	
All-Industry Medians	**15.1**		**16.7**	**0.4**	**11.8**		**11.0**	**5.3**	**13.1**		**13.1**	

Note: Explanation of Yardstick calculations on page 51.

‡Four-year growth. P-D Profit to Deficit. D-P Deficit to Profit; not ranked. def Deficit.

If ever there was an industry where stock market prices understate underlying values, it is this one. The recession? It's a problem but not a bad problem.

Media

IT'S HARD TO FIND A MAJOR NEWSPAPER, magazine or television chain that isn't taking in rollicking amounts of cash these days, but you'd never know it from the stock market.

Look at the Times Mirror Co. Over the last five years, earnings have almost tripled as the revitalized Chandler empire diversified beyond its newspaper base and a clutch of other more specialized publishing pursuits into one of the most promising video and cable TV enclaves in the business. What's the stock selling for? About 8 times earnings, close to parity with a multiple of 7.4 for the indiscriminate mass of Standard & Poor's 500 stock average.

Or take Time Inc. It has consistently clocked a very solid return on equity while expanding from magazines into forest products, book publishing and a video operation that may ultimately turn out to be one of the company's biggest profit centers. Yet the stock is selling for only nine times earnings, again at a meager premium over the market as a whole.

No wonder savvy analysts like John S. Reidy of Drexel Burnham Lambert are urging customers to take a closer look at the more aggressively run media outfits as being worth a lot more than they're selling for. While most of these chains themselves are trading at historically low multiples, try and

Heavy seas for the "Superstation" captain?

As one of the nation's best-known sailors, R.E. (Ted) Turner III is good at "covering"—the strategy of keeping a lead by cutting off an opponent's wind. The strategy that helped the expansive Georgian earn the Yachtsman of the Year title three times in the last decade may force the big three networks to look again at their own marketing charts.

Seizing on the cable TV and satellite transmission technologies, the 41-year-old one-time outdoor-advertising salesman is pushing his Atlanta-based WTBS far beyond its natural boundaries into product-hungry cable systems in 48 states. Thanks to the reach of RCA's SATCOM I, Turner's Channel 17 signal is now receivable by some 6 million sets (8% of the total television homes in the country). Many more are on the horizon.

The market for what Turner calls his "Superstation" is growing fast and siphoning off advertising dollars that might have gone to the networks. "We have more than doubled our total cable coverage since last year," says Turner. Weather eye cocked to his audience numbers, he laughs, "Life is an adventure." Then, he says, "We will be very, very much larger in a very, very quick period of time. By May 1980 we will be in one of every ten homes in the country on a full-time basis."

Optimism comes easy to a man who turned two small radio stations into a broadcasting operation appraised at over $66 million. Turner, who owns 87% of the stock (worth $82 million) of the Turner Broadcasting System, also acquired along the way the Atlanta Hawks basketball team, the Atlanta Braves baseball team and a limited partnership in a soccer team called the Atlanta Chiefs.

The diversification into sports teams was smart programming. Turner's teams winning or losing, on the field and on the books, are a mainstay of WTBS' revenues: Viewers in Hawaii or Fargo, N. Dak. are happily tuning in the Hawks and Braves if only to watch some of the other competitors they play. Viewers can also see vintage movies.

Turner's been arguing since January 1979 that his quasi-network is just the low-priced ticket national advertisers need as one alternative to rising costs of network time.

The concept has not been easy to sell. Initially, a majority of his national prospects balked, thinking the markets offered were too fragmented to provide much promotional leverage. "There's still a lack of understanding on some advertisers' part," Turner concedes. But his pitch may be making headway. Last fall, the number of national advertisers jumped from 35 to 150 and, says Turner, Anheuser-Busch signed up for around $4.4 million worth of WTBS air over the next three years.

But sports teams, Turner knows, won't a national network make—not entirely. He's been upgrading the mix with PBS serials and a daily, commercial-free hour of children's educational programs; emphasizing adult, issues-oriented programming; and selling his station as a major outlet for controversial viewpoints denied time by the major networks. Now there are plans for the Cable News Network.

At the moment, Turner is in something of a squeeze. Though revenues expanded from $7.8 million to $33.8 million between 1974 and 1978, there was a deficit in 1977. More red ink will come. "For 1979 we'll probably lose $1 million. This year we're going to lose even more," says Turner, mindful of the startup costs of his new news network. The payoff may be a long way out. Turner's growth has inevitably brought competitors into the market. Superstations have been multiplying. Where once there was only Turner, there are now three more: WGN-TV, Chicago; WOR-TV, New York; and KTVU, San Francisco.

Turner still seems to have a lead, but now there are plenty of shrewd sailors trying to take the wind out of *his* sails.

buy even a modest-size newspaper or VHF station of the kind they own at less than 20 or 25 times earnings.

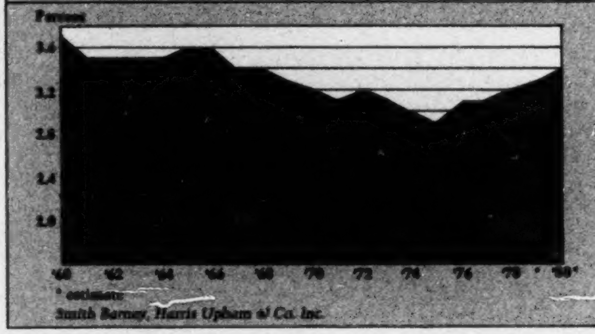
The underlying value on media properties has risen so high so fast that balance sheets of some conglomerates have been twisted totally out of shape by their media holdings. J.B. Fuqua, for example, recently came to the startled recognition that the radio and TV stations in his mélange of trucking, photofinishing and sporting goods outlets had become so rich he almost literally could no longer afford to own them.

Independent appraisals put the market value of his five stations at more than $60 million—about 30% of the total market value of the conglomerate's stock. At the same time, the stations generate only about 2.5% of the company's income. The spread is so wide that John Fuqua hopes to capitalize on it by selling the stations and earmarking at least some of the proceeds to buy in more of his conglomerate's common.

Share buy-ins are common among the media conglomerates these days. Capital Cities Communications, for example, announced last spring that it planned to pick up another 600,000 shares of its common in the market to add to the 2 million shares it bought between 1976 and 1978. More will be bought this year. The aim is not to boost per-share earnings, which generally are hardly in need of accounting hype, as to build a reasonably respectable market price.

There's always soap

In recessions 1966-67, 1969-70 and 1974-75, ad budgets fell hard relative to GNP or PCE. This time the competitive press may mean ad budgets go up. But don't bet on it.



* estimate

Smith Barney, Harris Upham & Co. Inc.

Not that there are no clouds on the media horizon. The immediate question is: What will the recession do to advertising revenues? The debate is not academic. For all their conglomerate spread, the media companies without exception are still heavily dependent for their bread on the $50 billion or so a year that the industry is spending on advertising.

The old Wall Street adage is that a recession means a decline in advertising spending. Historically, that has been the case. In the 1966-67, 1969-70 and 1974-75 recessions, advertising did indeed drop much more sharply than either gross national product or consumer personal spending *(see chart)*.

The cutbacks tend to be particularly severe among such major durables producers—and advertisers—as Ford and General Motors. Ford's outlay, for example, according to the annual tally made by *Advertising Age*, dropped from $132.5 million to $106.5 million in 1966-67, from $112.1 million to $90.3 million in 1969-70 and from $132 million to $91 million in 1974-75. "If you are as capital intensive as we are," says John R. Bowers, director of Ford's advertising and merchandising strategy office, "there are very few other places you can cut costs."

Will the decline be as severe this time? That remains to be seen. As Robert J. Coen, a senior vice president of McCann-Erickson, Inc., notes, recession wasn't the only specter haunting advertising budgets in the past. "The annual growth rate slowed perceptibly in the Sixties, and for more than a decade, from 1961 to 1975," says Coen, "advertising grew more slowly than the economy."

Markets were expanding at a rapid rate during that period for a variety of reasons (the big demographic push of the postwar baby boom, the pull of the Vietnam War). Demand for almost everything was so high that it took a lot less advertising money to produce a dollar of sales.

All of that ended in 1976, and "for the last three years, advertising has again been growing at a faster rate than the economy," the McCann-Erickson executive continues. Competition has become much hotter, and it takes more spending to hold market share. Thus it is Coen's thesis that "advertising will by and large not be negatively affected by the recession." His advice: Don't necessarily assume that *this* recession will hurt advertising as badly as other recent recessions have.

A number of Wall Street analysts agree with that thesis, and it's the big reason why they think many media stocks are a buy

Media

Yardsticks of Management Performance

	Profitability								**Growth**			
	Return on Equity				Return on Total Capital				Sales		Earnings Per Share	
Company	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Broadcasting												
Metromedia	24.7%	1	35.9%	1.3	15.0%	3	14.9%	9.5%	11.8%	4	31.5%	1
CBS	23.7	2	20.7	0.1	18.0	1	20.1	5.4	13.8	2	16.3	5
American Broadcasting	20.6	3	25.0	0.3	20.3	2	16.1	8.2	12.8	3	22.1	3
RCA	16.6	4	18.5	0.7	12.2	5	10.7	4.0	8.9	5	23.6	2
Outlet	15.5	5	11.8	0.8	8.2	4	10.7	2.5	22.0	1	19.2	4
Medians	20.6		20.7	0.7	15.0		14.9	5.4	12.8		22.1	
Publishing												
Dow Jones	30.2%	1	32.1%	0.1	29.7%	1	27.7%	11.9%	14.7%	8	13.2%	13
Deluxe Check Printers	27.2	2	26.9	0.0	25.1	2	25.5	10.3	15.7	7	18.2	6
Washington Post	25.4	3	27.0	0.1	21.7	7	18.7	8.4	14.5	9	30.6	3
Dun & Bradstreet	24.3	4	28.6	0.0	28.4	3	24.5	9.4	11.3	14	11.0	15
Interpublic Group	23.3	5	26.8	0.1	25.9	4	22.7	6.1	14.2	11	21.7	5

Media

Yardsticks of Management Performance

	Profitability								Growth			
	Return on Equity				Return on Total Capital				Sales		Earnings Per Share	
Company	5-year average	5-year rank	latest 12 months	debt/equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Capital Cities Communications	20.0	6	22.6	0.4	17.2	11	15.0	14.9	20.9	1	22.4	4
Gannett	19.9	7	22.5	0.2	22.3	6	19.1	12.2	18.0	2	17.5	9
Times Mirror	19.9	8	25.0	0.1	22.4	8	17.6	10.1	14.0	12	17.9	7
Equifax	19.6	9	18.8	0.1	16.1	9	16.8	3.3	7.2	18	2.4	19
A C Nielsen	19.5	10	19.7	0.0	19.8	5	19.6	6.6	16.5	5	15.1	12
McGraw-Hill	18.5	11	21.6	0.1	19.2	10	15.8	8.9	8.9	16	17.4	10
Time Inc	17.1	12	15.7	0.3	11.1	13	13.0	5.9	16.9	4	17.5	8
Meredith	15.8	13	16.3	0.4	11.2	17	10.9	5.3	10.4	15	35.1	2
Knight-Ridder News	15.6	14	17.8	0.1	16.2	12	14.1	9.1	17.3	3	15.7	11
RR Donnelley & Sons	14.3	15	15.1	0.0	13.5	14	12.9	6.7	13.0	13	13.2	14
Arcata	13.6	16	14.5	0.3	10.0	18	9.6	5.1	14.3	10	52.9	1
Harcourt Brace Jovanovich	13.4	17	12.0	0.6	8.6	16	11.3	3.4	16.2	6	6.6	18
New York Times	12.8	18	14.4	0.1	12.9	15	11.4	4.7	8.8	17	7.3	17
Macmillan	7.3	19	8.4	0.4	6.9	19	6.1	4.0	5.0	19	9.7	16
Medians	**19.3**		**19.7**	**0.1**	**17.2**		**15.8**	**6.7**	**14.3**		**17.4**	
Industry Medians	**19.6**		**20.2**	**0.1**	**16.7**		**15.4**	**6.7**	**14.1**		**17.5**	
All-Industry Medians	**15.1**		**16.7**	**0.4**	**11.6**		**11.0**	**5.3**	**13.1**		**13.1**	

Note: Explanation of Yardstick calculations on page 51.

just now. "I still think that advertising will be up 11% or 12% in 1980," says Drexel Burnham's John Reidy. "I look for a minimum gain of 9% and a maximum of 12%," adds J. Kendrick Noble of Paine, Webber, Mitchell Hutchins. "The pressures to hold market share go up exponentially," adds Robert Howitt of First Manhattan Co.

Ford, bracing for another round of heavy losses in its domestic business, noted recently that advertising again may have to be slashed. And other major durables producers may be following suit. Yet overall it could be, as Bob Coen suggests, that a "mild slowdown in the case of soup, cigarettes, shampoos, soft drinks and beer will have practically no effect on advertising." Take the broadcasting networks. They hope that 1980—with heavy demand for political and Olympic Games advertising—will help keep the top of the rate card solid in spite of possible cutbacks by auto manufacturers and others.

In a recession, it's the marginal media that get hit first. Meaning that while TV network and national spot revenues should do reasonably well, local billings are likely to suffer. With newspapers, classified advertising is especially sensitive to downturns. But, says Merrill Lynch's Edward Dunleavy, who follows publishing stocks, "It's not the media, it's the market. If you're in strong markets, like Houston or Phoenix, you're in the catbird seat." Two Knight-Ridder properties—the Miami *Herald* and the San Jose *Mercury* and *News*—demonstrate exactly that. The papers are in essentially noncompetitive situations. Together they generate only about 28% of the chain's revenues, but carry such high margins that they account for about 40% of operating profits. These numbers underscore the barely hyperbolic reflection of A.J. Liebling, the renowned press critic, written almost three decades ago: All a monopoly newspaper owner needs "by way of a staff is a cash register."

Ownership of several such cash registers, plus a generally high plowback of profits, has been key to media growth. The strategy can be seen in its most crystalline form at Capital Cities. The company's dividend payout is hovering around a microscopic 4% of earnings—earnings that have been compounding at an average 22%. Between 1975 and 1978, according to John Reidy, the company generated about $200 million worth of cash. More than half of that went into a series of acquisitions, including the Kansas City *Star* for $125 million.

The pattern is typical. Acquisitions have helped many of the media companies upgrade return on investment, but not invariably. Time Inc. seems to have reached for trouble when it bought the Washington *Star*, a slow second to the fast-moving Washington *Post*. Bob Howitt of First Manhattan Co. says flatly, "I can't justify it." Howitt also thinks CBS' abortive "preliminary talks" with Crum & Forster, the big insurance holding company, was a "negative departure. Nobody on The Street likes the idea of CBS plunking down maybe a billion dollars to get into a business it doesn't know anything about."

The next big area of expansion for the media conglomerates is cable television *(see* FORBES, *Dec. 10, 1979)*. Storer Broadcasting, for example, is selling off five radio stations and will plow the estimated $42 million proceeds into expanding its already sizable cable network. The company has also said it may pump as much as $250 million into cable over the next several years. Gannett, Capital Cities, Knight-Ridder Newspapers and Harte-Hanks, among others, are also looking closely at the field. But cable is going at such high prices and consumes so much capital that these prospects scare some Wall Streeters.

"Cable multiples are so high with everyone getting into it," says Merrill Lynch's Dunleavy, "I just don't see the return on investment. I'm uncomfortable." Dunleavy has a lot of company on The Street. That uneasiness, plus the prospect of tighter ad budgets and flatter earnings, goes a long way toward explaining why so many media companies are selling at modest multiples. It's that kind of market—accentuating the negatives, downplaying the positives. But in this industry, the positives most definitely outweigh the negatives. ■

How do the middle-ranking companies in each of the 31 main industry groups compare in terms of growth and profitability?

Who's Where in the Industry Groups

WHICH U.S. INDUSTRY has shown the highest return on equity over the last 12 months? Which has had the greatest five-year growth in earnings per share?

If you guessed broadcasting on the first question, you were way off. True, the media group, a separate industry grouping this year, is number one in ROE over the last five years because it is made up of two profitable industries, broadcasting and publishing. But over the last 12 months, ten industry subgroups did better than both of them: domestic oil and gas (23.2%), the fire and casualty insurance business (23.0%), ethical drugs (23.0%), aluminum (21.4%), tobacco (21.3%), home building (21.0%), electrical equipment (22.0%), entertainment (22.0%), specialty chemicals (20.9%) and truckers (20.8%).

If you guessed aerospace and defense or computers on the second question, you were close but not close enough. Both the mining- and drilling-equipment industry and heavy construction have had greater five-year growth in per-share earnings than aerospace and computers.

The following tables go through the same exercise that many investors go through to pick the industries their portfolios should include. Once the right industries have been chosen, the next step is to decide which *companies* in those industries are the best investments.

These Yardsticks are designed to give exactly that kind of overview. They rank the median or middle-ranking companies in all of FORBES' 31 major industry groupings in the same manner as the 1,035 separate companies are ranked elsewhere in this issue. The 31 groups are broken down even further into 83 separate industries—showing, for example, separate numbers for five distinct segments of the food and drink industries. The results indicate which industries are the most profitable, which have the fastest earnings growth and which have shown the most promising trends in the latest 12 months. We use medians rather than averages to avoid distorting the results through abnormal windfall earnings at the top or staggering losses at the bottom. These medians, in short, are the track record of companies in the middle of a group.

Comparing these track records can turn up surprising insights. The apparel group, for example, ranks next to last among the 31 groups for ROE—only air transportation is lower—but within it, the shoe industry has had a higher return on total capital over the last 12 months (14.7%) than such businesses as health care products and services (13.4%), heavy construction (12.2%) or any energy industry but international oils. For the same 12 months, electrical equipment's 19.3% return was not only substantially higher than that of its more glamorous cousin, electronic equipment (16.4%), but even higher than ethical drugs (19.1%). And copiers and office equipment (16.0%) were a more profitable business than computers (15.4%).

A closer look turns up cyclical industries just starting to turn down, or trouble spots in others just beginning to show up. Return on total capital in the computer industry, for example, was 15.6% over the last five years; but for the last 12 months it slipped a bit to 15.4%. The entertainment industry's return on equity for five years was 24.5%, but last year it was 22.0%. The troubled coal industry had a respectable return on total capital over five years of 14.2%, but in the latest 12 months it fell drastically, to 8.0%. The food service industry's five-year return of 12.8% shrank to a 12-month return of 9.8%. National supermarket chains, which ran behind regional chains for the five-year return on equity, pulled strongly ahead in the past year.

On a brighter note, look at steel. Last year, thanks to some government trade-barrier help, its profitability rose substantially. The group's overall return on equity for the last 12 months jumped nearly 78% above the previous 12-month period and is nearly 50% above its five-year average; and the more profitable specialty steel segment, with a 16.9% 12-month ROE, did better last year than half the industries on the list, including diversified chemicals, life insurance and the overall construction group. ■

Industry Medians

Yardsticks of Management Performance

	Profitability								Growth			
	Return on Equity				Return on Total Capital				Sales		Earnings Per Share	
Industry	5-year average	5-year rank	latest 12 months	debt/ equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Media	**19.6%**	**1**	**20.2%**	**0.1**	**16.7%**	**1**	**15.4%**	**6.7%**	**14.1%**	**12**	**17.5%**	**5**
Broadcasting	20.6	–	20.7	0.7	15.0	–	14.9	5.4	12.8	–	22.1	–
Publishing	19.5	–	19.7	0.1	17.2	–	15.8	6.7	14.3	–	17.4	–
Personal Products	**19.3**	**2**	**20.5**	**0.3**	**15.1**	**5**	**14.2**	**6.1**	**15.0**	**7**	**10.8**	**23**
Tobacco	18.2	–	21.3	0.6	12.2	–	10.5	5.5	12.2	–	8.9	–
Toiletries & Cosmetics	19.3	–	20.5	0.3	15.8	–	14.9	7.0	15.3	–	11.2	–
Aerospace & Defense	**18.6**	**3**	**20.3**	**0.2**	**15.7**	**6**	**13.7**	**4.2**	**13.1**	**16**	**26.4**	**1**
Health Care	**18.1**	**4**	**19.3**	**0.3**	**14.4**	**7**	**13.4**	**8.1**	**14.4**	**10**	**12.9**	**12**
Ethical Drugs	20.7	–	23.0	0.2	19.1	–	18.0	12.5	13.4	–	12.6	–
Proprietary Drugs	16.0	–	16.7	0.2	15.0	–	14.2	7.4	11.8	–	8.3	–
Health Care Prods & Services	17.7	–	19.3	0.3	13.4	–	12.2	7.7	17.5	–	19.0	–
Information Processing	**17.9**	**5**	**19.6**	**0.3**	**15.8**	**3**	**14.4**	**7.9**	**16.0**	**6**	**19.5**	**3**
Computers	18.0	–	18.5	0.3	15.4	–	15.6	8.7	21.7	–	22.7	–
Copiers & Office Equipment	17.8	–	20.0	0.3	16.0	–	13.0	6.1	15.4	–	9.0	–
Construction–Contractors	**17.6**	**6**	**15.2**	**0.3**	**11.6**	**17**	**10.9**	**2.6**	**18.6**	**2**	**22.6**	**2**
Heavy Construction	18.5	–	13.5	0.3	12.2	–	12.5	2.4	20.6	–	29.8	–
Home Building	16.6	–	21.0	0.8	10.3	–	9.1	3.5	16.5	–	13.7	–
Electronics & Electrical Equip	**17.2**	**7**	**20.8**	**0.2**	**17.8**	**2**	**14.7**	**6.5**	**12.7**	**19**	**17.5**	**5**
Electronic Equipment	15.7	–	19.6	0.2	16.4	–	12.6	5.9	11.6	–	22.7	–
Electrical Equipment	19.8	–	22.0	0.2	19.3	–	17.2	6.8	13.8	–	14.0	–
Energy	**17.0**	**8**	**22.5**	**0.5**	**14.1**	**11**	**11.9**	**5.9**	**20.8**	**1**	**16.3**	**8**
International Oils	15.3	–	20.2	0.3	15.0	–	11.7	5.1	17.0	–	9.9	–
Other Oil & Gas	17.0	–	23.2	0.6	14.1	–	11.7	6.5	21.6	–	17.4	–
Coal	17.7	–	14.1	0.3	8.0	–	14.2	4.5	15.4	–	17.8	–
Finance–Insurance	**16.8**	**9**	**19.9**	**0.1**	**17.3**	**3**	**14.4**	**8.9**	**12.9**	**17**	**15.9**	**9**
Life	13.3	–	15.0	0.1	14.0	–	12.8	11.2	10.2	–	12.1	–
Fire & Casualty	19.2	–	23.0	0.1	22.3	–	17.8	6.9	14.9	–	16.9	–
Multiple Line	18.2	–	20.0	0.1	17.4	–	15.1	8.2	13.1	–	18.5	–
Leisure	**16.3**	**10**	**16.0**	**0.5**	**11.9**	**8**	**12.7**	**4.4**	**14.6**	**9**	**11.3**	**22**
Travel	12.7	–	16.0	0.7	9.7	–	7.4	4.5	14.6	–	15.6	–
Entertainment	24.5	–	22.0	0.8	16.9	–	16.2	8.5	17.1	–	19.3	–
Recreation	13.7	–	13.4	0.3	10.8	–	10.8	3.7	11.3	–	8.5	–
Food Service	15.1	–	15.5	0.9	9.8	–	12.8	4.0	20.7	–	10.1	–
Industrial Equipment	**16.2**	**11**	**17.6**	**0.3**	**14.2**	**8**	**12.7**	**6.1**	**14.0**	**13**	**17.6**	**4**
Production Equipment	17.0	–	18.4	0.3	14.6	–	12.0	6.0	12.4	–	17.6	–
Specialty Equip & Materials	15.7	–	17.2	0.3	14.1	–	12.7	5.7	13.7	–	16.5	–
Construction & Materials Handling	15.4	–	17.0	0.5	12.4	–	10.7	5.2	13.0	–	16.8	–
Mining & Drilling Equipment	21.2	–	19.1	0.3	14.9	–	15.4	9.5	21.9	–	30.4	–
Rail Equipment	13.7	–	15.7	0.7	7.6	–	7.5	5.9	13.2	–	11.3	–
Wholesalers	**15.6**	**12**	**16.1**	**0.6**	**12.3**	**10**	**12.3**	**1.1**	**16.5**	**4**	**15.0**	**11**
Food Distributors	15.6	–	15.9	0.7	10.8	–	12.6	1.0	16.8	–	14.4	–
Other Wholesalers	15.6	–	16.8	0.5	12.7	–	10.8	2.3	13.1	–	15.4	–
Utilities–Natural Gas	**15.5**	**13**	**16.3**	**0.8**	**8.3**	**28**	**8.0**	**5.2**	**18.0**	**3**	**9.2**	**28**
Producers & Pipeliners	15.9	–	17.1	0.8	8.5	–	8.1	5.2	17.5	–	9.8	–
Pipeliners & Distributors	18.2	–	18.8	0.7	10.0	–	9.3	6.7	23.7	–	13.6	–
Distributors	12.4	–	14.3	0.8	8.0	–	7.2	4.8	16.7	–	6.0	–
Finance—Consumer Finance	**15.4**	**14**	**16.9**	**0.6**	**11.8**	**12**	**11.8**	**6.4**	**14.7**	**8**	**16.8**	**7**
Finance Companies	13.0	–	15.6	2.1	7.4	–	6.3	4.5	9.7	–	6.7	–
Financial Services	16.1	–	17.0	0.5	13.8	–	13.3	6.7	15.5	–	17.2	–
Automotive	**15.1**	**15**	**17.0**	**0.4**	**13.0**	**14**	**11.4**	**4.0**	**12.1**	**23**	**13.4**	**15**
Vehicles	15.4	–	18.9	0.4	13.7	–	11.8	3.7	13.8	–	13.8	–
Tire & Rubber	7.4	–	7.1	0.6	5.9	–	5.9	2.1	9.6	–	3.9	–
Auto Supplies	16.2	–	17.3	0.8	13.6	–	11.8	4.5	13.2	–	15.3	–
Chemicals	**15.1**	**15**	**17.4**	**0.4**	**12.1**	**15**	**11.2**	**6.1**	**14.4**	**10**	**11.8**	**17**
Diversified Chemicals	13.5	–	15.9	0.4	10.7	–	10.2	6.1	13.6	–	9.1	–
Specialists	17.4	–	20.9	0.4	13.9	–	11.5	6.1	16.0	–	16.8	–

Note: Explanation of Yardstick calculations on page 51.

Industry Medians

Yardsticks of Management Performance

	Profitability								Growth			
	Return on Equity				Return on Total Capital				Sales		Earnings Per Share	
Industry	5-year average	5-year rank	latest 12 months	debt/equity ratio	latest 12 months	5-year rank	5-year average	net profit margin	5-year average	5-year rank	5-year average	5-year rank
Household Products	14.9%	17	16.7%	0.4	11.8%	18	10.6%	4.4%	9.0%	30	10.7%	24
Appliances	10.1	–	15.2	0.5	11.0	–	9.0	3.7	6.8	–	3.2	–
Housewares & Furnishings	14.9	–	17.6	0.6	12.3	–	10.6	5.0	9.9	–	12.7	–
Housekeeping Products	17.3	–	17.1	0.3	13.6	–	14.1	6.3	15.7	–	11.0	–
Supermarkets	14.9	17	14.4	1.0	9.9	22	9.8	1.2	12.9	17	15.1	10
Major Chains	14.0	–	16.5	1.0	9.4	–	8.7	1.2	10.0	–	12.2	–
Regional Chains	15.0	–	14.3	1.1	10.1	–	10.4	1.2	14.1	–	16.2	–
Food & Drink	14.7	19	15.6	0.4	11.2	13	11.6	2.9	12.0	24	11.9	20
Diversified Foods	15.7	–	15.7	0.4	10.7	–	11.5	3.1	12.2	–	12.3	–
Meatpackers	13.9	–	16.6	0.6	11.0	–	10.1	1.2	9.8	–	9.0	–
Agricultural Commodities	17.6	–	13.6	0.4	10.9	–	12.0	2.2	13.2	–	24.0	–
Other Food Specialists	15.9	–	17.4	0.4	12.1	–	12.2	3.7	12.9	–	11.9	–
Drinks	14.1	–	14.9	0.4	11.3	–	10.2	5.1	12.4	–	6.2	–
Forest Products & Packaging	14.2	20	16.3	0.4	11.3	23	9.6	5.5	12.4	21	12.9	18
Forest Products	16.3	–	18.9	0.4	12.1	–	10.7	7.4	12.4	–	15.1	–
Packaging	13.1	–	14.3	0.4	9.4	–	9.2	4.0	11.9	–	12.0	–
Multicompanies–Conglomerates	14.0	21	19.1	0.7	9.9	24	9.2	3.9	10.8	27	11.6	21
Construction–Building Materials	13.9	22	17.3	0.4	12.4	19	10.3	5.7	11.5	26	12.0	19
Lumber	15.7	–	19.0	0.4	12.0	–	10.0	6.7	12.9	–	11.2	–
Cement & Gypsum	12.7	–	18.7	0.4	13.1	–	9.6	8.1	11.1	–	10.9	–
Other Building Materials	12.9	–	14.1	0.4	10.3	–	10.3	5.2	10.0	–	12.2	–
Building Equipment	20.5	–	18.2	0.2	15.0	–	14.4	5.7	12.2	–	15.8	–
Finance–Banks	13.6	23	14.8	0.4	12.0	16	11.0	7.8	13.4	15	9.2	28
New York Banks	12.6	–	14.3	0.5	10.7	–	9.7	5.1	14.4	–	6.2	–
Regional Banks	13.8	–	15.3	0.1	12.3	–	11.4	8.1	13.2	–	9.3	–
Retail Distribution	13.2	24	15.1	0.7	10.1	21	9.9	2.8	12.2	22	10.4	25
Department Stores	12.8	–	12.3	0.7	8.2	–	8.5	2.9	9.3	–	8.2	–
Discount & Variety Stores	11.0	–	12.6	1.1	7.0	–	7.6	1.5	11.8	–	9.0	–
Drug Chains	18.8	–	18.1	0.5	13.8	–	15.4	2.3	16.8	–	17.4	–
Specialty Retailers	17.3	–	19.1	0.7	13.8	–	14.1	3.8	13.3	–	13.8	–
Multicompanies–Multi-Industry	12.6	25	15.0	0.4	10.8	28	10.1	5.3	9.9	29	13.1	16
Utilities–Electric & Telephone	11.8	26	12.0	0.9	6.4	30	6.3	10.9	16.1	5	2.9	31
Northeast	11.2	–	11.7	1.0	6.4	–	6.3	10.5	13.9	–	3.5	–
Midwest	12.0	–	12.1	0.9	6.3	–	6.4	11.9	16.3	–	1.9	–
Southeast	11.8	–	11.5	0.9	6.2	–	6.2	10.7	18.5	–	2.0	–
Southwest	13.4	–	12.4	0.9	6.8	–	7.1	10.8	19.7	–	4.5	–
West	11.0	–	10.9	0.9	6.4	–	6.6	13.8	18.0	–	1.3	–
Telecommunications	13.1	–	14.9	0.9	7.2	–	6.9	10.3	11.5	–	8.4	–
Transportation–Surface	11.7	27	12.8	0.5	7.5	29	6.9	4.8	11.8	25	13.9	12
Railroads	8.8	–	10.0	0.8	6.2	–	5.3	6.8	9.2	–	12.7	–
Truckers	22.5	–	20.8	0.9	9.9	–	10.8	4.2	15.0	–	17.6	–
Other Surface Transportation	15.7	–	16.3	0.7	8.7	–	8.3	4.5	13.1	–	8.5	–
Metals	11.3	28	19.3	0.5	11.8	26	8.3	6.0	12.5	20	6.5	30
Aluminum	13.0	–	21.4	0.6	13.1	–	8.5	7.9	12.9	–	18.0	–
Copper	4.5	–	13.8	0.7	7.5	–	3.8	4.4	7.8	–	–5.6	–
Diversified Metals	11.3	–	18.6	0.4	12.8	–	8.8	5.9	13.2	–	2.9	–
Steel	10.9	29	15.8	0.4	10.5	27	8.1	4.3	10.7	28	10.2	26
Basic Producers	7.1	–	12.1	0.4	7.8	–	5.7	4.1	10.4	–	5.5	–
Specialty & Other Steels	14.1	–	16.9	0.4	11.6	–	11.4	4.5	10.8	–	11.5	–
Apparel	10.2	30	12.4	0.3	8.9	25	8.7	3.1	8.4	31	9.3	27
Apparel	10.0	–	12.1	0.3	8.2	–	8.0	2.7	7.5	–	7.0	–
Textiles	8.0	–	11.1	0.4	8.9	–	7.4	3.7	8.2	–	9.0	–
Shoes	17.7	–	16.6	0.3	14.7	–	14.7	3.5	11.6	–	16.3	–
Transportation—Air	10.8	31	10.0	1.0	6.4	31	5.7	3.3	13.6	14	13.7	14
All-Industry Medians	15.1		16.7	0.4	11.0		11.0	5.2	12.1		10.1	

Note: Explanation of Yardstick calculations on page 51.

How do companies rank by the measure that counts most—the amount of return in net profits for every dollar of capital that goes in?

Who's Where in Profitability

THE MOST COMMONLY USED measure of profitability for a company is return on equity. The *ultimate* measure is return on total capital—equity plus debt. Each company in the FORBES Annual Report on American Industry is ranked both ways in the following tables.

Both measures are needed because return on equity alone can sometimes be misleading. If a company has had significant losses in the recent past, for example, stockholders' equity will be much smaller—so its earnings, as a percentage of that smaller base, will appear unusually high as they start to recover. You can tell which companies these are by looking at return on total capital.

For example, Columbia Pictures is ranked second in return on equity but 106th in return on total capital because, while it has had three good years, it still has inflated five-year ROE figures from prior losses. The same thing shows up with Lockheed—third-ranked in return on equity, but 674th in return on total capital.

Subaru of America, first-ranked in both columns, is clearly the most profitable of the 1,030 ranked companies. Both Savin and Emery Air Freight also show good correlations between return on equity and return on total capital. But beyond that balance, look at Savin's 12-month performance: In both return on equity and return on capital, it exceeds its five-year average—clearly a highly profitable company still on the upswing. The same can be said of Marsh & McLennan, 14th in five-year ROE but fifth in return on total capital, and running ahead of the averages in both. ■

Who's Where In Profitability

Company	Return On Equity			Return On Capital		
	5-year* average	rank	latest 12 months	5-year* average	rank	latest 12 months
Subaru of America	72.1%	1	54.6%	67.2%	1	55.0%
Columbia Pictures	64.3	2	22.0	17.9	106	17.9
Lockheed	57.6	3	11.0	8.8	674	7.9
Houston Oil & Minerals	55.7	4	22.9	20.0	71	11.0
Tosco	44.8	5	112.5	11.0	486	23.5
Savin	44.7	6	52.3	32.5	4	34.3
Tandy	42.0	7	45.7	27.2	15	23.6
Computer Sciences	41.0	8	31.5	15.6	188	16.1
Service Merchandise	39.3	9	26.5	25.1	20	13.8
Mattel	38.4	10	15.7	17.4	120	15.4
Emery Air Freight	36.8	11	39.4	35.9	3	34.9
Teledyne	36.4	12	43.2	22.5	39	31.7
Levi Strauss	33.7	13	32.0	28.1	11	27.2
Marsh & McLennan Cos	32.6	14	35.3	32.2	5	35.2
Parsons	32.4	15	26.5	23.2	29	22.2
Avon Products	32.4	16	32.9	31.4	6	32.7
Amdahl	32.3	17	17.4	36.7	2	15.8
Charter Company	31.9	18	111.8	16.1	158	52.4
American Home Products	31.9	19	32.7	31.1	7	32.1
Ashland Oil	31.4	20	67.0	15.7	179	27.9
Farm House Foods	31.3	21	28.9	14.3	247	9.0
UV Industries	31.0	22	73.0	18.6	94	50.2
Schlumberger	30.9	23	31.6	28.6	10	30.0
Petrie Stores	30.5	24	26.8	30.5	8	26.7
Wal-Mart Stores	30.4	25	27.7	22.1	40	17.7
Dow Jones	30.2	26	32.1	27.7	12	29.7
Earth Resources	30.2	27	24.1	20.4	64	15.2
Pioneer Corp	30.2	27	30.8	14.2	252	14.9
SmithKline Corp	29.8	29	40.0	24.5	23	34.0
MAPCO	29.7	30	24.6	14.9	221	12.7
Intel	29.6	31	31.1	28.9	9	30.1
Dorchester Gas	29.3	32	36.9	19.4	79	20.0
United Energy Resources	29.2	33	26.5	15.8	170	18.0
American Family	29.0	34	24.7	27.6	13	22.6
Melville	28.6	35	26.3	26.4	17	24.5
Kellogg	28.5	36	26.6	24.1	25	22.1
Texas Oil & Gas	28.5	36	27.0	15.5	194	13.9
Entex	28.4	38	26.5	13.5	310	13.6
Nucor	28.3	39	40.5	19.9	75	28.0
Fort Howard Paper	28.2	40	24.4	25.5	19	19.3
Intl Minerals & Chem	28.1	41	17.4	17.1	128	12.1
Colonial Penn Group	27.8	42	23.7	27.3	14	23.7
MGM	27.8	42	31.9	16.2	152	18.6
Missouri Pacific Corp	27.8	44	25.9	10.4	538	12.1
Houston Natural Gas	27.7	45	22.0	14.9	218	13.2
Maytag	27.2	46	28.8	26.5	16	27.5
Deluxe Check Printers	27.2	47	26.9	25.5	18	25.1
Storage Technology	27.2	48	32.6	16.0	163	21.9
American Intl Group	27.0	49	23.4	24.6	21	21.7
Super Valu Stores	26.6	50	27.4	17.6	118	17.9
Shearson Hayden Stone	26.5	51	29.3	15.7	174	20.0
Kaneb Services	26.5	52	22.4	14.2	257	13.3
Best Products	26.5	53	28.4	21.4	45	15.2
Niagara Frontier Services	26.4	54	21.7	21.0	51	11.8
Merck	26.2	55	25.7	22.8	36	21.7
American Financial	26.1	56	64.2	8.2	715	14.8
Parker Drilling	26.1	57	24.2	14.5	233	14.8
RLC Corp	26.1	58	36.5	9.6	593	13.2
Beech Aircraft	25.9	59	25.4	20.7	59	22.6
Edison Bros Stores	25.8	60	25.5	21.3	46	20.9
G Heileman Brewing	25.8	61	32.2	18.9	87	25.1
ConAgra	25.7	62	23.9	14.1	264	16.1
Engelhard Minerals	25.7	63	33.1	20.7	56	25.1

Company	Return On Equity			Return On Capital		
	5-year* average	rank	latest 12 months	5-year* average	rank	latest 12 months
SCOA Industries	25.7%	64	28.3%	15.3%	201	17.0%
Louisiana Land & Exp	25.5	65	27.3	20.3	65	21.1
Washington Post	25.4	66	27.0	18.7	93	21.7
McDonald's	25.3	67	23.1	13.9	280	12.6
Baker International	25.2	68	24.0	17.6	114	16.2
Coachmen Industries	25.3	69	def	23.1	32	def
Blue Bell	25.3	70	21.8	21.0	53	18.6
Dillon Companies	25.1	71	22.1	20.2	67	14.8
Lucky Stores	25.1	72	29.9	16.0	163	17.0
Cooper Industries	25.0	73	25.9	19.2	81	26.4
Schering-Plough	25.0	74	23.3	24.5	23	23.0
Pioneer Hi-Bred Intl	24.9	75	23.7	23.2	30	19.6
Reliance Electric	24.9	76	24.7	17.4	123	19.1
Lubrizol	24.9	77	27.1	23.4	28	25.3
Nalco Chemical	24.9	78	27.7	23.9	26	26.8
Gates Learjet	24.9	79	19.2	20.6	60	16.4
Twentieth Century-Fox	24.8	80	22.6	18.2	100	16.9
Snap-On Tools	24.8	81	30.6	20.7	56	26.0
Pennzoil	24.8	82	33.6	10.7	519	14.1
Albertson's	24.8	83	26.3	15.0	214	13.3
Metromedia	24.7	84	35.9	14.9	228	15.0
Petrolane	24.7	85	24.6	16.7	138	17.1
Savannah Foods	24.6	86	9.6	15.7	175	7.4
Leaseway Transportation	24.5	87	23.6	10.2	548	10.1
Modern Merchandising	24.5	88	17.8	17.6	115	10.1
MCA	24.5	89	19.8	23.0	34	17.6
Halliburton	24.4	90	19.3	19.4	77	15.9
Sigmor	24.4	91	29.7	18.6	95	20.1
Dun & Bradstreet	24.3	92	28.6	24.5	22	28.4
Masco	24.3	93	25.8	16.2	151	13.1
Dover Corp	24.3	94	25.6	20.2	68	22.1
Bruno's	24.1	95	28.1	15.6	188	17.1
Data General	24.0	96	24.5	23.1	31	20.7
Northrop	24.0	97	26.7	19.9	74	23.5
Coca-Cola	24.0	98	23.7	22.7	37	22.5
Caldor	23.9	99	26.2	16.9	132	13.5
Smith International	23.8	100	18.5	18.9	88	16.4
Parker Pen	23.8	101	29.1	21.9	42	27.3
Cameron Iron Works	23.7	102	20.5	14.7	229	14.5
Ohio Casualty	23.7	102	29.4	23.0	33	28.8
CBS	23.7	104	20.7	20.1	70	18.0
Fluor	23.7	105	23.2	22.0	41	20.5
AMP	23.7	106	29.6	20.1	69	25.4
Pittston	23.6	107	11.8	18.8	91	9.9
Caterpillar Tractor	23.5	108	22.6	17.3	126	17.3
Crown Central Petroleum	23.5	108	57.7	14.2	261	29.2
Square D	23.5	110	25.7	19.2	82	20.0
U S Fidelity & Gty	23.5	110	27.9	23.6	27	27.9
Diamond Shamrock	23.5	112	15.9	13.5	314	10.6
Interpublic Group	23.3	113	26.8	22.7	37	25.9
Tyler	23.3	114	21.7	15.6	191	15.0
Denny's	23.3	115	18.1	14.0	278	10.0
Dayton-Hudson	23.1	116	20.6	16.1	158	17.0
Natl Semiconductor	23.1	116	25.1	17.7	110	18.9
Dow Chemical	23.1	118	21.4	14.2	255	12.4
Arco	23.0	119	21.5	7.8	747	6.9
E F Hutton Group	22.9	120	20.5	18.3	99	16.1
Longs Drug Stores	22.9	121	21.3	22.9	35	21.3
Hoover Universal	22.8	122	20.7	17.4	122	14.5
PACCAR	22.8	123	28.8	20.9	55	26.8
Philip Morris	22.7	124	23.1	13.5	313	12.5
St Paul Companies	22.7	125	20.4	20.0	72	17.9
Roadway Express	22.7	126	18.5	21.5	44	17.2

*The average return may be for less than a 5-year period as footnoted in individual Yardsticks tables.

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Who's Where In Profitability

	Return On Equity			Return On Capital		
Company	5-year* average	rank	latest 12 months	5-year* average	rank	latest 12 months
Yellow Freight System	22.6%	127	12.8%	15.9%	168	9.6%
Franklin Mint	22.6	128	16.0	18.6	96	13.6
Athlone Industries	22.5	129	21.3	10.8	502	11.6
Intl Flavors & Frag	22.5	130	24.2	21.0	52	22.9
Loews	22.4	131	22.3	9.6	599	11.8
Consol Freightways	22.3	132	23.0	17.4	125	19.1
Bristol-Myers	22.3	133	21.7	20.2	66	20.0
Rollins Inc	22.3	134	19.2	17.5	119	16.1
E-Systems	22.2	135	16.1	19.3	80	14.1
Iowa Beef Processors	22.2	136	18.0	15.7	178	14.3
Briggs & Stratton	22.0	137	25.1	21.7	43	24.5
Combined Insurance	21.9	138	22.2	21.3	47	21.8
Hilton Hotels	21.9	139	30.0	14.3	245	20.7
IBM	21.9	140	22.3	21.2	49	21.8
Bally Manufacturing	21.9	141	26.3	16.4	147	19.1
Lear Siegler	21.9	142	28.0	12.8	354	16.4
Revlon	21.8	143	22.0	16.7	140	17.6
Warner Communications	21.7	144	25.5	12.7	356	16.7
Ametek	21.6	145	21.9	17.0	130	16.4
J Ray McDermott	21.6	146	0.5	16.6	141	2.8
Raymond Intl	21.6	147	16.8	15.6	184	12.2
Eli Lilly	21.6	148	23.4	20.9	54	22.2
General Reinsurance	21.5	149	23.0	20.6	61	22.3
Farmers Group	21.5	150	19.8	20.4	63	19.4
Baldwin-United	21.4	151	26.7	14.7	224	16.5
Golden State Foods	21.4	152	20.4	14.7	227	15.4
Westmoreland Coal	21.4	153	4.3	19.1	85	2.5
Kemper Corp	21.4	154	24.2	21.2	50	24.4
Blount	21.4	155	22.8	12.5	376	14.6
Dresser Industries	21.4	156	18.3	16.0	160	14.2
Crouse-Hinds	21.3	157	23.3	19.0	86	19.4
Foster Wheeler	21.3	157	25.5	17.4	120	20.6
Gelco	21.3	159	23.9	6.4	849	7.0
Wang Laboratories	21.3	160	31.1	14.5	234	19.1
Auto Data Processing	21.3	161	21.3	19.9	73	17.9
Key	21.3	161	26.8	12.0	412	11.3
Oklahoma Natural Gas	21.2	163	16.1	11.4	442	9.9
Genuine Parts	21.2	164	22.1	21.3	47	21.5
Abbott Laboratories	21.2	165	22.0	15.9	168	17.5
Winn-Dixie Stores	21.2	165	20.5	19.4	78	17.5
Raytheon	21.2	167	25.2	18.9	89	23.3
PepsiCo	21.1	168	22.0	15.1	207	16.0
EG&G	21.1	169	31.1	18.1	103	26.0
Amsted Industries	21.0	170	24.1	20.5	62	23.5
Marathon Mfg	20.9	171	25.4	13.9	279	20.1
Norris Industries	20.9	172	16.1	18.3	98	15.0
Scott & Fetzer	20.8	173	21.7	16.6	143	17.2
Dean Foods	20.8	174	20.6	15.2	206	14.0
Vulcan Materials	20.8	174	21.5	14.4	242	14.9
Lowe's Companies	20.7	176	17.2	15.7	179	12.8
Minn Mining & Mfg	20.7	177	24.5	17.7	113	20.9
Northwest Industries	20.7	178	21.1	12.9	352	12.3
Weis Markets	20.7	178	20.7	20.7	58	20.7
Amer Broadcasting	20.6	180	26.0	16.1	155	20.2
Ryder System	20.6	181	23.0	8.7	681	9.2
General Cinema	20.6	182	21.2	12.7	363	12.5
Natomas	20.6	183	22.6	14.0	275	15.5
American Standard	20.5	184	26.5	14.1	271	18.4
R J Reynolds Inds	20.5	184	20.2	14.8	223	15.1
Handy & Harman	20.5	186	17.7	13.7	299	11.1
American Stores	20.4	187	22.7	16.9	134	17.7
Stauffer Chemical	20.3	188	17.0	14.3	249	11.9
CBI Industries	20.3	189	17.6	16.6	144	14.8
Gulf & Western Inds	20.3	189	19.2	9.3	629	9.3
Curtice-Burns	20.2	191	19.3	13.1	335	7.7
Emerson Electric	20.2%	191	22.1%	18.8%	92	21.3%
Wyman-Gordon	20.2	193	14.0	16.0	163	11.4
Ryan Homes	20.2	194	21.0	17.9	107	17.8
Dana	20.2	195	22.0	15.5	193	17.5
W W Grainger	20.2	195	21.9	19.1	83	21.5
Rite Aid	20.1	197	21.6	17.2	127	18.7
Avnet	20.1	198	20.8	15.8	170	19.1
Flowers Industries	20.1	199	17.9	12.1	406	11.9
K mart	20.1	199	18.9	15.8	172	12.5
Echlin Manufacturing	20.1	201	21.3	14.6	230	16.2
Crane	20.1	202	15.8	11.6	433	9.1
Hyster	20.1	202	27.9	15.9	167	23.1
Capital Cities Commun	20.0	204	22.6	15.0	215	17.2
Malone & Hyde	20.0	205	18.2	17.6	117	14.2
Pay'n Save	20.0	206	17.0	16.4	146	11.9
Gannett	19.9	207	22.5	19.1	84	22.3
Times Mirror	19.9	208	25.0	17.6	116	22.4
Revco D S	19.9	209	20.5	16.1	154	17.3
Air Prods & Chems	19.9	210	20.0	11.7	423	12.4
General Motors	19.8	211	19.7	18.0	105	18.1
Belco Petroleum	19.8	212	23.2	14.9	217	18.2
Upjohn	19.8	213	22.6	15.1	211	16.5
Natl Convenience Strs	19.8	214	27.7	12.7	364	12.7
Mallinckrodt	19.7	215	22.3	14.4	238	16.5
Kings Dept Stores	19.7	216	18.0	15.5	194	10.5
Johnson Controls	19.7	217	17.0	16.3	148	12.3
Equifax	19.6	218	18.8	16.8	136	16.1
Bird & Son	19.6	219	13.4	18.0	104	12.6
Chesebrough-Pond's	19.6	220	20.5	15.9	166	15.8
Alco Standard	19.6	221	20.5	14.6	231	14.6
American Express	19.6	221	21.9	16.3	148	17.5
Standard Oil Ohio	19.5	223	44.4	8.7	683	16.4
TRW	19.5	223	21.3	12.8	355	13.6
Union Camp	19.5	223	18.4	13.6	305	13.4
Phillips Petroleum	19.5	226	24.3	14.7	226	18.6
Clorox	19.5	227	19.0	15.1	207	15.9
Mead	19.5	228	21.4	11.4	441	13.3
Humana	19.5	229	34.5	8.1	722	9.1
A C Nielsen	19.5	229	19.7	19.6	76	19.8
General Electric	19.4	231	21.2	16.9	132	18.5
Kimberly-Clark	19.3	232	32.0	14.2	257	22.9
Republic Finl Svcs	19.3	233	22.3	15.1	209	17.1
Circle K	19.3	234	29.5	13.2	330	15.9
Willamette Inds	19.3	235	19.7	13.3	322	13.7
Centex	19.3	236	21.4	9.1	649	8.5
Pay Less Drug NW	19.3	237	18.3	15.4	197	11.3
Bucyrus-Erie	19.3	238	18.6	15.1	209	14.8
Crum & Forster	19.2	239	25.7	18.1	102	24.6
Southwestern Pub Svc	19.2	240	15.7	8.2	717	7.3
Idle Wild Foods	19.1	241	19.5	15.6	186	14.5
Transway Intl	19.1	242	20.4	15.4	199	16.2
Moore McCormack Res	19.1	243	16.8	10.8	506	9.2
CNA Financial	19.1	244	31.4	10.5	530	15.1
Brown Shoe	19.1	244	19.0	17.1	129	16.2
Sundstrand	19.1	244	22.8	11.4	446	14.6
White Consolidated	19.0	247	17.4	10.6	522	10.2
Northern Natural Gas	19.0	248	18.2	10.0	561	10.3
Pitney-Bowes	19.0	249	21.6	13.0	344	15.0
Johnson & Johnson	19.0	250	19.9	18.4	97	19.4
Owens-Corning Fbrgls	19.0	250	17.2	14.3	247	13.7
Arvin Industries	18.9	252	13.4	12.2	399	9.2
Procter & Gamble	18.9	253	19.4	14.9	222	15.3
Big Three Industries	18.9	254	17.1	14.9	218	13.1
CPC International	18.9	255	20.2	15.2	203	16.5
Central Louisiana Enrgy	18.8	256	24.3	8.9	665	11.6

*The average return may be for less than a 5-year period as footnoted in individual Yardsticks tables.

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Who's Where In Profitability

	Return On Equity			Return On Capital		
Company	5-year* average	rank	latest 12 months	5-year* average	rank	latest 12 months
Provident Life & Acc	18.8%	256	18.5%	18.8%	90	18.5%
Jack Eckerd	18.8	258	18.1	18.2	101	17.4
Fairchild Industries	18.8	258	35.7	13.9	283	25.0
Eastman Kodak	18.8	260	21.4	17.7	110	20.2
Hanover Insurance	18.8	261	20.3	17.8	108	20.2
Georgia-Pacific	18.7	262	18.9	11.1	473	11.8
Aetna Life & Casualty	18.7	263	23.0	16.9	134	20.5
Bausch & Lomb	18.7	264	22.1	14.2	253	17.6
Copeland	18.7	265	10.0	16.7	139	7.7
Ogden	18.6	266	17.8	9.0	657	8.9
Hershey Foods	18.6	267	18.4	15.6	186	15.8
Boeing	18.6	268	31.8	16.1	154	27.3
Santa Fe Intl	18.5	269	3.3	10.8	507	2.7
C F Braun	18.5	270	12.0	13.7	295	8.7
Archer Daniels Midland	18.5	2/1	14.7	14.1	264	10.4
Conoco	18.5	271	24.9	13.2	331	16.2
Harsco	18.5	271	17.6	15.2	205	14.8
Dexter	18.5	274	20.1	14.1	269	14.6
McGraw-Hill	18.5	274	21.6	15.8	172	19.2
Wm Wrigley Jr	18.5	274	18.6	17.8	109	17.9
A E Staley Mfg	18.5	277	9.6	13.6	304	7.1
So Natural Resources	18.5	278	17.1	9.6	593	10.2
VSI	18.5	278	26.9	15.4	196	22.4
Consolidated Papers	18.4	280	25.2	16.1	156	20.8
Ethyl	18.4	281	17.9	11.0	479	11.8
Earle M Jorgensen	18.4	282	17.8	15.4	197	15.4
Rexnord	18.4	282	17.1	14.2	257	13.5
Hospital Corp of Am	18.4	284	19.3	8.6	689	9.0
Universal Foods	18.3	285	14.1	14.2	261	12.0
Tektronix	18.3	286	22.3	16.6	141	19.4
United Technologies	18.3	287	17.9	12.6	369	12.4
Moore Corp	18.3	288	20.0	13.9	283	16.0
Safeco	18.2	289	21.0	14.3	250	17.0
Occidental Petroleum'	18.2	290	40.5	9.4	619	15.9
Panhandle Eastern	18.2	290	21.1	8.9	665	10.7
Easco	18.2	292	14.5	11.4	443	9.7
Nabisco	18.1	293	18.2	12.2	399	12.2
Supermarkets General	18.1	293	23.6	9.3	627	11.0
Emhart	18.1	295	17.3	17.0	131	15.6
General Foods	18.1	296	20.4	14.2	253	16.5
Deere	18.1	297	18.0	14.3	246	13.6
Nash Finch	18.0	298	18.7	15.2	202	14.4
Waste Management	18.0	299	20.9	10.9	490	14.1
Whirlpool	18.0	300	16.7	15.2	204	14.9
Paine Webber	18.0	301	16.9	13.2	328	12.6
Hewlett-Packard	18.0	302	19.6	17.4	124	18.9
Campbell Taggart	17.9	303	17.7	13.3	321	12.9
Economics Laboratory	17.9	304	18.3	13.7	296	14.5
Colt Industries	17.8	305	20.0	11.4	449	13.4
Xerox	17.8	306	19.1	14.4	244	16.3
ERC	17.8	307	22.8	16.0	160	21.3
General Mills	17.8	308	17.0	12.9	345	13.1
Carpenter Technology	17.8	309	20.0	16.0	162	18.6
Parker-Hannifin	17.7	310	19.0	13.0	339	14.6
North American Coal	17.7	311	20.7	7.0	807	6.6
BankAmerica Corp	17.7	312	18.8	13.8	292	14.4
Tecumseh Products	17.7	312	21.5	17.7	112	21.5
McDonough	17.7	314	16.6	14.7	224	14.7
Pfizer	17.7	315	18.3	13.4	319	13.9
United Telecom	17.7	315	18.8	7.5	768	8.1
DEKALB AgResearch	17.6	317	15.4	13.8	287	11.2
Northwest Energy	17.6	318	19.3	8.1	723	8.7
Weyerhaeuser	17.6	318	23.6	12.2	402	15.6
Koppers	17.6	320	17.5	12.7	357	12.2
Hughes Tool	17.6	321	19.5	15.7	177	15.0
Pacific Resources	17.5%	322	19.6%	9.5%	610	10.5%
Carnation	17.5	323	17.1	14.0	277	13.9
Cessna Aircraft	17.5	323	19.2	13.7	294	16.0
Fleming Companies	17.5	323	16.2	13.1	336	10.8
Texas Commerce Bshs	17.5	326	18.1	16.4	145	16.6
Dayco	17.5	327	19.7	8.1	720	9.7
Chromalloy American	17.4	328	21.1	9.3	623	10.4
St Joe Minerals	17.4	328	17.6	14.2	261	12.1
Thiokol	17.4	330	21.6	13.5	314	15.2
Ark Louisiana Gas	17.4	331	18.2	9.6	603	9.6
Barnes Group	17.4	331	24.4	13.9	280	18.2
Stanadyne	17.4	333	20.3	15.7	175	16.6
Gillette	17.4	334	18.8	12.8	353	13.8
Cone Mills	17.4	335	16.3	15.0	213	14.8
Eagle-Picher Inds	17.4	336	16.9	13.3	326	13.6
Michigan National	17.4	336	16.9	13.7	296	13.0
U S Bancorp	17.4	336	18.0	13.9	285	12.9
Sun Chemical	17.3	339	25.6	11.1	474	14.1
Fred Meyer	17.3	340	16.4	11.5	437	10.3
Texas Instruments	17.2	341	20.2	16.3	148	19.6
Butler Manufacturing	17.2	342	18.2	14.4	239	15.1
First Intl Bshs	17.2	343	17.9	13.8	287	14.3
Foremost-McKesson	17.2	343	21.0	9.3	625	11.8
Toro	17.2	343	29.2	12.9	345	21.0
Illinois Tool Works	17.1	346	21.2	16.7	137	20.6
Heublein	17.1	347	16.4	12.0	412	12.0
Longview Fibre	17.1	347	20.2	15.7	181	18.5
Time Inc	17.1	347	15.7	13.0	343	11.1
Beatrice Foods	17.1	350	15.5	14.2	260	11.6
Amer Genl Insurance	17.1	351	20.0	13.1	338	14.9
Potlatch	17.0	352	19.2	12.3	394	13.2
Sysco	17.0	353	17.8	13.2	333	14.0
Wetterau	17.0	353	15.9	13.0	340	12.5
Marathon Oil	17.0	355	20.5	12.1	411	12.5
Central Tel & Utils	17.0	356	17.8	7.4	779	7.3
Digital Equipment	17.0	357	17.4	15.5	192	14.7
Baxter Travenol Labs	17.0	358	18.3	12.5	379	13.8
Jim Walter	17.0	359	16.6	11.0	484	10.0
Ralston Purina	17.0	360	13.2	11.9	418	9.8
Tenneco	17.0	361	16.5	9.2	637	8.8
Evans Products	16.9	362	23.1	10.3	542	13.9
Witco Chemical	16.8	363	21.7	11.2	468	14.9
Universal Leaf	16.8	364	17.9	15.6	184	16.7
USLIFE	16.8	365	17.5	13.5	308	13.5
Crown Cork & Seal	16.7	366	16.6	14.0	272	14.6
International Paper	16.7	367	26.6	11.2	470	17.5
NCR	16.7	368	17.2	12.5	383	14.9
Chubb	16.7	369	20.0	15.1	211	18.7
Colgate-Palmolive	16.7	369	15.9	14.4	241	12.6
Standard Oil Indiana	16.7	369	19.6	12.7	361	13.8
Republic of Texas	16.7	372	15.2	13.9	286	12.5
Wallace-Murray	16.6	373	21.5	12.1	406	15.0
Combustion Engineering	16.6	374	18.6	11.7	421	11.2
RCA	16.6	375	18.5	10.7	515	12.2
Sonoco Products	16.6	376	17.1	14.1	270	14.1
U S Home	16.6	377	28.2	8.8	675	15.8
National Svc Inds	16.6	378	21.2	14.1	264	18.3
Bluebird	16.5	379	24.0	12.4	384	17.3
Federal-Mogul	16.5	380	22.2	12.6	366	17.5
Bangor Punta	16.5	381	21.5	9.6	603	11.9
Penn Traffic	16.4	382	16.5	13.7	298	12.0
Wheelabrator-Frye	16.4	383	17.5	12.7	361	11.9
Louisiana-Pacific	16.3	384	19.1	10.7	516	13.2
Sheller-Globe	16.3	384	10.6	9.7	588	7.0
Hannaford Bros	16.3	386	14.1	11.3	462	8.2

*The average return may be for less than a 5-year period as footnoted in individual Yardsticks tables.

Who's Where In Profitability

	Return On Equity			Return On Capital				Return On Equity			Return On Capital		
Company	5-year* average	rank	latest 12 months	5-year* average	rank	latest 12 months	Company	5-year* average	rank	latest 12 months	5-year* average	rank	latest 12 months
Host International	16.3%	386	21.6%	10.7%	520	14.3%	Mercantile Stores	15.5%	451	14.7%	12.6%	369	10.8%
United Refining	16.3	386	28.6	11.3	457	18.7	Oscar Mayer	15.4	453	17.0	12.7	357	14.2
Giant Food	16.3	389	18.7	10.8	508	11.3	Copperweld	15.4	454	17.3	12.3	389	12.7
VF Corp	16.3	389	17.5	14.0	275	14.9	Ferro	15.4	455	17.3	13.7	300	15.2
Transco Companies	16.3	391	14.0	6.6	840	6.4	J P Morgan & Co	15.4	455	15.7	12.9	350	13.4
Federal Co	16.3	392	18.4	14.4	242	16.1	Gordon Jewelry	15.4	457	20.9	12.9	350	18.0
Transamerica	16.3	393	19.7	10.2	552	12.1	Texas Gas Transmn	15.4	458	15.8	8.3	711	8.5
Connecticut General	16.3	394	15.3	15.7	182	15.0	Ford Motor	15.4	459	15.4	12.7	360	13.0
Ideal Basic Inds	16.3	394	18.4	12.2	398	13.0	Martin Marietta	15.4	459	20.8	11.2	468	16.1
Amerada Hess	16.2	396	27.7	11.7	421	19.4	Dennison Mfg	15.3	461	17.6	12.7	365	14.3
Gould	16.2	396	14.8	12.5	381	10.9	Itel	15.3	461	def	7.8	750	def
Imperial Corp of Am	16.2	398	17.1	14.0	274	14.1	Valley Natl Bk Ariz	15.3	461	19.4	13.1	334	17.2
Sterling Drug	16.2	398	16.7	15.0	216	14.9	NICOR	15.3	464	16.4	8.0	735	8.3
Textron	16.2	398	16.8	12.9	345	13.8	Perkin-Elmer	15.3	464	21.0	14.7	227	17.8
Central Steel & Wire	16.2	401	16.8	15.7	182	16.9	General Signal	15.2	466	16.1	13.4	319	14.1
Joy Manufacturing	16.2	402	13.6	13.9	280	11.8	Raychem	15.2	467	22.9	13.6	306	20.8
Pillsbury	16.2	403	17.1	11.1	475	10.5	Eaton	15.2	468	19.1	9.9	568	10.1
Sun Company	16.1	404	19.7	10.6	521	14.1	Kerr-McGee	15.2	469	14.7	12.0	416	11.1
Turner Construction	16.1	405	18.7	16.1	153	18.8	Midland-Ross	15.1	470	18.4	11.3	460	13.9
Safeway Stores	16.1	406	16.5	11.5	438	10.1	Monsanto	15.1	471	14.1	11.2	471	9.9
SEDCO	16.0	407	2.4	9.8	581	3.3	Cummins Engine	15.1	472	13.4	10.5	525	10.1
United States Shoe	16.0	407	16.0	12.3	389	12.5	H F Ahmanson	15.1	473	15.8	13.3	325	11.5
Champion Spark Plug	16.0	409	15.3	14.6	232	13.6	Braniff Intl	15.1	474	6.9	8.0	733	4.4
Standard Brands	16.0	410	15.7	10.9	495	10.8	Campbell Soup	15.1	474	15.6	14.0	273	13.9
McLean Trucking	15.9	411	5.0	11.4	444	4.4	Fruehauf	15.1	476	18.8	9.5	608	10.9
Southland Corp	15.9	411	18.0	10.3	542	9.4	Pneumo Corp	15.1	476	11.7	11.3	460	7.3
Citicorp	15.9	413	15.5	11.0	489	9.7	Eastern Gas & Fuel	15.1	478	14.1	8.6	690	8.0
Dart Industries	15.9	413	18.9	11.3	453	13.2	Rainier Bancorp	15.1	478	15.3	13.2	328	13.2
Gerber Products	15.9	415	15.0	14.2	256	13.4	Amer Hoist & Derrick	15.0	480	14.3	9.8	578	9.6
Insilco	15.9	415	16.7	9.6	593	9.8	Black & Decker	15.0	481	21.2	12.4	387	17.3
Quaker State Oil	15.9	415	17.7	11.0	486	11.4	General Tel & Elec	15.0	481	15.0	7.1	802	7.2
Fedl Natl Mortgage	15.9	418	13.2	4.2	971	4.3	Standard Oil Calif	15.0	483	20.6	12.4	387	15.8
Texas Eastern	15.9	418	19.1	8.0	728	10.0	NVF	15.0	484	25.9	12.5	381	20.4
Kraft	15.8	420	16.8	13.0	341	13.6	Godfrey	15.0	485	17.3	9.8	572	10.4
Squibb	15.8	421	14.0	12.0	412	10.8	Purex Industries	15.0	486	15.1	11.1	476	11.3
Meredith	15.8	422	16.3	10.9	491	11.2	Champion Intl	15.0	487	20.0	8.6	687	11.4
Shell Oil	15.8	422	16.0	12.3	391	12.1	Ingersoll-Rand	14.9	488	14.9	11.6	426	11.0
Congoleum	15.8	424	26.7	13.8	289	23.9	Northwest Bancorp	14.9	488	15.7	12.0	415	12.1
American Brands	15.8	425	22.7	11.3	459	16.7	Todd Shipyards	14.9	488	40.3	7.8	749	15.7
Liquid Air of No Amer	15.8	426	12.0	11.6	425	9.9	Trans Union	14.9	488	15.9	6.2	887	6.7
Southern Union	15.8	426	19.6	8.9	663	10.1	Waldbaum	14.9	492	14.4	11.3	455	9.5
Union Oil California	15.8	428	17.9	10.9	491	11.9	Ball Corp	14.9	493	16.9	11.2	465	11.2
Seafirst	15.7	429	16.5	15.4	200	15.8	Western Air Lines	14.9	493	16.9	6.6	837	7.4
Warner-Lambert	15.7	429	13.3	12.5	380	9.2	Public Service Indiana	14.9	495	16.2	7.3	787	7.4
Continental Illinois	15.7	431	15.7	13.3	327	12.5	Quaker Oats	14.9	495	17.8	10.6	524	12.6
Delta Air Lines	15.7	432	14.7	8.4	707	9.1	A H Robins	14.9	497	11.7	12.6	368	7.6
Zurn Industries	15.7	433	17.8	10.8	502	12.8	Signode	14.9	497	17.2	12.4	385	14.1
Clark Equipment	15.7	434	19.7	11.6	432	15.1	Cal-Maine Foods	14.9	499	15.9	7.9	740	7.8
Household Finance	15.7	434	17.4	7.3	787	7.2	First Charter Finl	14.8	500	13.3	13.8	290	9.8
McCormick & Co	15.7	436	14.7	12.2	399	11.5	Clark Oil & Refining	14.8	501	31.5	9.8	574	20.1
Foxboro	15.7	437	15.4	14.3	250	14.0	Richardson-Merrell	14.8	501	16.6	13.4	316	15.1
Harris Corp	15.7	438	20.8	12.6	371	16.9	Bendix	14.8	503	17.5	11.9	419	13.9
Hartfield-Zodys	15.6	439	16.7	14.5	236	8.5	Crocker Natl Corp	14.8	503	22.2	10.3	540	14.6
Marsh Supermarkets	15.6	439	12.4	10.4	531	7.4	First Bank System	14.8	505	16.2	12.1	404	13.2
H J Heinz	15.6	441	18.5	12.1	410	14.1	Suburban Propane Gas	14.8	505	18.8	9.2	630	10.8
Kerr Glass Mfg	15.6	442	9.1	9.7	587	7.3	E I du Pont	14.8	507	20.8	11.3	455	16.0
Knight-Ridder News	15.6	442	17.8	14.1	267	16.2	Reserve Oil & Gas	14.8	508	17.3	11.2	467	11.4
Fieldcrest Mills	15.6	444	18.1	10.9	497	12.9	Manufacturers Hanover	14.7	509	14.6	11.6	429	11.5
Minnesota Gas	15.6	444	19.0	9.4	621	10.9	Flickinger	14.7	510	14.4	12.6	375	12.3
Super Food Services	15.6	446	13.1	10.8	502	13.3	Wells Fargo	14.7	510	16.5	11.0	486	12.0
Peoples Gas	15.5	447	15.2	7.9	741	7.7	Becton, Dickinson	14.7	512	14.6	12.1	406	13.2
Outlet	15.5	448	11.8	10.7	514	8.2	Federated Dept Stores	14.7	513	13.1	13.2	331	10.9
Exxon	15.5	449	18.7	12.2	396	14.1	Grumman	14.7	514	7.4	9.2	637	6.2
First City Bancorp	15.5	450	16.5	13.4	318	14.6	R H Macy	14.7	514	18.4	9.7	585	12.7
Atlantic Richfield	15.5	451	19.0	10.8	510	12.3	Certain-teed	14.7	516	6.4	10.7	511	5.8

*The average return may be for less than a 5-year period as footnoted in individual Yardsticks tables.

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Who's Where In Profitability

	Return On Equity			Return On Capital		
Company	5-year* average	rank	latest 12 months	5-year* average	rank	latest 12 months
Stanley Works	14.7%	517	18.4%	11.6%	430	14.7%
Purolator	14.7	518	17.6	11.4	439	13.6
Interco	14.6	519	14.4	13.7	300	12.8
Travelers	14.6	520	18.4	13.8	292	17.4
Gulf Resources & Chem	14.6	521	10.4	9.8	582	7.1
Nashua	14.6	521	21.7	10.9	491	16.9
Burroughs	14.5	523	15.0	12.5	378	13.5
Mobil	14.5	524	19.8	11.1	476	14.0
Norton Simon	14.5	524	14.4	9.8	575	9.3
Republic Natl Life	14.5	526	17.2	14.5	235	17.2
Brown-Forman Dist	14.5	527	19.1	11.3	454	14.4
Stone Container	14.5	527	16.2	9.4	620	9.8
Intl Multifoods	14.5	529	13.8	10.8	509	10.3
Continental Corp	14.5	530	17.8	13.3	322	16.2
Southwestern Life	14.5	530	14.5	14.5	237	14.5
Anheuser-Busch Cos	14.4	532	15.9	9.6	593	9.6
Gt Northern Nekoosa	14.4	533	16.2	10.1	554	11.2
Amer Hospital Supply	14.4	534	15.5	12.3	393	12.5
United States Gypsum	14.4	534	23.8	10.7	516	16.3
Hobart	14.4	536	14.7	11.2	465	12.0
Stewart-Warner	14.3	537	15.3	14.1	267	15.1
Cullum Companies	14.3	538	22.2	8.5	697	12.1
Morrison-Knudsen	14.3	539	16.9	10.7	511	14.2
ENSERCH	14.3	540	14.3	8.1	721	8.3
Sav-On-Drugs	14.3	540	16.0	13.3	322	13.9
R R Donnelley & Sons	14.3	542	15.1	12.9	349	13.5
Gt Western Financial	14.3	543	16.5	13.1	336	14.4
Beckman Instruments	14.2	544	17.6	11.4	448	13.4
Getty Oil	14.2	544	17.8	12.1	405	14.3
Stop & Shop	14.2	544	13.7	8.1	726	7.5
Sperry	14.2	547	15.1	10.3	539	10.9
Royal Crown Cos	14.2	548	6.8	13.6	307	5.9
Timken	14.2	548	16.1	13.5	308	15.1
General Dynamics	14.1	550	25.5	11.6	430	19.5
G D Searle	14.1	550	19.3	10.8	501	13.6
Hanna Mining	14.1	552	15.0	12.6	374	13.1
Security Pacific	14.1	552	17.2	12.0	416	12.6
DETROITBANK Corp	14.1	554	15.5	13.6	303	14.3
Adolph Coors	14.1	555	12.4	13.5	311	11.6
Fischbach & Moore	14.1	555	13.5	10.6	523	10.9
George A Hormel	14.1	557	18.3	12.7	357	16.1
Pennwalt	14.1	557	14.5	10.1	560	10.4
Central & South West	14.1	559	14.4	7.1	801	6.8
Collins & Aikman	14.0	560	12.0	11.5	436	10.1
Norton	14.0	561	20.4	11.8	420	16.6
Amstar	14.0	562	8.7	9.5	611	6.8
Peabody Intl	14.0	562	15.8	11.4	439	13.9
Union Carbide	14.0	562	15.2	10.2	548	10.7
Allied Stores	14.0	565	13.7	9.4	613	9.6
Merrill Lynch & Co	14.0	565	14.0	13.7	302	13.9
Westvaco	14.0	565	15.2	9.5	606	10.3
Cincinnati Milacron	14.0	568	24.9	9.7	584	16.5
Houston Industries	14.0	568	14.7	7.4	770	7.1
Riegel Textile	14.0	568	12.3	10.1	555	8.9
Tampa Electric	14.0	568	12.8	6.3	865	6.2
Rockwell Intl	14.0	572	20.3	10.0	562	14.8
North Amer Philips	14.0	573	15.6	9.3	626	10.7
Gino's	13.9	574	12.9	9.1	646	9.5
FMC	13.9	575	14.8	9.9	565	10.7
Kaiser Alum & Chem	13.9	576	20.5	8.4	725	11.4
McGraw-Edison	13.9	576	14.2	12.5	376	13.1
Walter E Heller Intl	13.9	578	13.9	7.3	782	6.7
Walter Kidde	13.9	579	16.4	9.1	650	9.6
Murphy Oil	13.9	579	18.3	8.5	696	9.6
Western Bancorp	13.9	579	18.0	11.3	463	13.8
Frederick & Herrud	13.9%	582	16.6%	10.1%	558	11.0%
GK Technologies	13.9	582	28.0	8.9	667	13.9
Walgreen	13.9	582	19.7	9.8	575	13.8
Corning Glass Works	13.9	585	17.1	11.5	434	14.3
Amer Nat Resources	13.8	586	10.3	7.3	787	6.0
Wachovia Corp	13.8	587	14.6	12.6	366	14.2
Indianapolis Pwr & Lt	13.8	588	16.4	6.6	834	7.5
Libbey-Owens-Ford	13.8	589	14.3	11.7	423	12.0
Manufacturers National	13.8	590	11.8	11.5	434	12.7
Fleetwood Enterprises	13.8	591	13.4	13.8	291	13.3
May Dept Stores	13.7	592	13.8	9.0	658	9.1
American Greetings	13.7	593	14.2	10.8	502	10.8
Coastal States Gas	13.7	593	17.6	7.0	805	8.1
Dravo	13.7	595	13.5	11.0	484	13.2
ACF Industries	13.7	596	15.2	7.5	763	7.6
Kroger	13.7	597	18.5	9.8	575	12.1
Motorola	13.7	598	17.2	12.2	396	14.6
Dean Witter Reynolds	13.7	599	7.1	13.4	317	7.4
Manhattan Industries	13.7	599	11.6	9.1	690	6.8
Freeport Minerals	13.6	601	28.0	11.4	446	22.2
Ampex	13.6	602	17.8	7.8	750	11.8
Jefferson-Pilot	13.6	602	14.4	13.5	312	14.3
Anchor Hocking	13.6	604	12.0	10.9	497	9.4
Arcata	13.6	604	14.5	9.6	599	10.0
Beneficial Corp	13.6	604	14.2	6.3	876	6.1
Pittsburgh National	13.6	607	15.0	12.9	348	14.3
W R Grace	13.5	608	13.3	9.5	607	9.7
Castle & Cooke	13.5	609	11.1	9.2	637	7.3
American Cyanamid	13.5	610	13.3	10.5	525	9.8
Pac Gamble Robinson	13.4	611	13.3	11.4	449	9.5
Harcourt Brace Jovan	13.4	612	12.0	11.3	451	8.6
Amer Medical Intl	13.4	613	18.8	7.6	758	11.0
Arizona Public Serv	13.4	613	12.2	7.5	763	7.2
Long Island Lighting	13.4	615	12.8	7.2	792	7.4
Seaboard Allied Milling	13.4	615	17.6	9.6	603	12.8
Wisconsin Public Svc	13.4	615	14.3	7.2	795	7.5
Howard Johnson	13.4	618	12.8	11.6	427	9.6
Interpace	13.4	619	16.4	8.9	667	10.0
Garfinckel Brooks Bros	13.4	620	14.6	9.6	599	9.6
Gulf United	13.3	621	16.5	11.3	451	13.7
Diamond Intl	13.3	622	14.3	11.3	463	11.3
City Investing	13.3	623	21.7	7.4	778	9.2
American Petrofina	13.3	624	23.2	10.2	546	14.5
Ex-Cell-O	13.3	624	16.6	12.2	402	14.2
Capital Holding Corp	13.2	626	13.5	13.0	341	13.2
Sunbeam	13.2	627	13.7	10.5	525	11.1
Laclede Gas	13.2	628	15.0	7.1	797	8.1
Cleveland Elec Illum	13.2	629	12.0	7.1	800	6.7
New England G & E	13.2	629	14.6	6.6	834	7.2
No States Power	13.2	631	13.7	6.3	865	6.7
Florida Power	13.1	632	10.8	6.0	901	5.7
Maryland Cup	13.1	632	12.4	9.2	636	8.8
National Distillers	13.1	634	14.0	10.2	545	10.8
H K Porter	13.1	634	16.8	10.2	550	11.8
INA	13.1	636	17.8	12.1	406	14.4
Alcoa	13.1	637	22.9	8.8	676	14.8
Signal Companies	13.1	638	20.2	9.4	614	13.7
Fisher Scientific	13.1	639	14.3	10.1	559	9.9
Continental Tel	13.1	640	14.9	6.2	884	6.9
Carson Pirie Scott	13.0	641	12.7	8.4	703	8.2
Univar	13.0	641	16.1	8.9	670	10.1
McDonnell Douglas	13.0	643	15.1	12.4	385	15.1
Saga Corp	13.0	644	2.7	11.0	482	3.9
J C Penney	12.9	645	10.5	10.9	491	8.3
Allen Group	12.9	646	17.0	8.7	680	10.0

*The average return may be for less than a 5-year period as footnoted in individual Yardsticks tables.

Who's Where In Profitability

	Return On Equity			Return On Capital		
Company	5-year* average	rank	latest 12 months	5-year* average	rank	latest 12 months
Texas Utilities	12.9%	647	12.4%	7.1%	802	6.7%
Pullman	12.9	648	14.3	10.9	499	11.9
H H Robertson	12.9	648	13.9	10.3	540	10.3
Dibrell Brothers	12.8	650	12.8	10.9	496	11.3
New York Times	12.8	650	14.4	11.4	444	12.9
Alcan Aluminium	12.8	652	22.2	9.1	647	14.7
Gifford-Hill	12.8	653	18.2	9.6	591	13.1
Amer Maize-Products	12.8	654	8.9	9.9	571	7.1
Tiger International	12.8	655	14.3	5.7	920	6.3
Bank of New York	12.8	656	13.8	11.0	479	12.2
Carter Hawley Hale	12.8	656	13.2	8.4	705	7.7
Natl Detroit Corp	12.8	656	13.1	11.1	472	12.0
Northwestern Steel	12.8	656	16.8	12.6	371	16.6
Toledo Edison	12.8	660	11.7	6.6	839	6.7
AMF	12.8	661	13.4	8.9	663	9.5
American Bakeries	12.7	662	8.1	8.5	695	5.7
Illinois Power	12.7	662	12.1	6.4	855	6.1
Kansas Power & Light	12.7	664	12.1	6.7	818	6.2
Crown Zellerbach	12.7	665	15.2	9.2	633	11.0
Masonite	12.7	665	20.5	11.0	481	17.0
Marriott	12.7	667	16.0	7.3	783	9.7
Pa Power & Light	12.7	667	13.4	6.8	816	7.2
Borden	12.7	669	12.2	9.7	588	9.4
Consol Natural Gas	12.7	669	12.4	7.6	760	7.5
Talley Industries	12.7	671	6.9	8.0	728	5.6
Peavey	12.7	672	12.6	10.1	555	9.0
ARA Services	12.6	673	13.7	9.8	572	10.7
Irving Bank Corp	12.6	673	14.3	9.7	590	10.7
Liberty Natl Life	12.6	673	12.7	12.6	371	12.7
Cincinnati G & E	12.6	676	13.5	6.6	830	7.0
Florida Power & Lt	12.6	676	12.5	6.4	857	6.3
Lone Star Industries	12.6	676	19.0	8.5	691	11.7
Amerace	12.6	679	14.7	7.9	742	8.7
Sears, Roebuck	12.6	679	12.3	10.5	529	10.1
Genl Tire & Rubber	12.6	681	10.1	9.4	618	8.2
Central Ill Pub Svc	12.5	682	14.1	6.3	868	7.2
Consolidated Foods	12.5	682	15.9	10.2	546	12.3
Borg-Warner	12.5	684	15.6	11.0	478	13.5
Harnischfeger	12.5	684	def	9.0	659	2.8
NCNB	12.5	684	17.0	8.7	683	11.2
PPG Industries	12.5	687	14.1	9.4	621	10.7
Cabot	12.4	688	21.6	9.0	656	13.6
Roper Corp	12.4	689	9.8	9.0	654	7.4
American Can	12.4	690	13.2	8.8	678	3.8
Boise Cascade	12.4	690	16.4	9.2	630	12.1
NN Corp	12.4	690	21.5	12.3	391	17.5
A-T-O	12.4	693	14.0	7.4	770	7.3
First Chicago Corp	12.4	693	11.3	10.2	553	9.5
National Gypsum	12.4	695	19.5	9.6	591	14.4
Wisconsin Gas	12.4	696	14.0	**		**
Anderson, Clayton	12.3	697	11.6	11.0	482	10.9
Honeywell	12.3	698	16.7	9.2	640	12.7
Greyhound	12.3	699	15.8	8.8	673	10.3
Hercules	12.3	699	20.0	9.4	616	15.3
American Natl Ins	12.3	701	15.3	12.2	395	15.3
CIT Financial	12.3	701	16.9	6.3	873	7.6
St Regis Paper	12.3	701	13.8	8.9	670	9.7
Brooklyn Union Gas	12.3	704	14.5	7.2	793	8.2
Continental Group	12.2	705	11.0	9.1	650	8.2
New England Electric	12.2	705	14.3	6.2	882	6.7
Brown Group	12.2	707	15.6	9.9	565	12.8
Wisconsin Pwr & Lt	12.2	707	13.2	6.6	829	6.6
Sybron	12.2	709	[illegible]	9.6	602	7.9
Reeves Brothers	12.2	710	18.0	10.4	533	14.6
Gulf Oil	12.2	711	15.6	10.4	537	12.7

	Return On Equity			Return On Capital		
Company	5-year* average	rank	latest 12 months	5-year* average	rank	latest 12 months
National-Standard	12.2%	711	12.5%	9.3%	623	9.7%
Pacific Pwr & Lt	12.2	711	11.6	6.5	843	6.4
So Carolina E & G	12.2	711	10.1	6.2	888	5.6
American Tel & Tel	12.2	715	13.2	6.9	809	7.3
Allis-Chalmers	12.2	716	13.0	9.2	632	9.3
Whittaker	12.2	717	22.4	8.4	702	14.3
Columbia Gas System	12.1	718	13.1	6.5	841	7.3
Walt Disney	12.1	719	13.1	10.7	511	11.9
Esmark	12.1	720	12.2	8.8	676	7.5
Atlanta Gas Light	12.1	721	10.4	6.4	852	5.9
Middle South Utils	12.1	721	12.8	5.9	907	6.4
Carolina Pwr & Lt	12.0	723	12.3	6.2	884	6.4
Consumers Power	12.0	723	12.7	5.9	907	6.1
Southern Railway	12.0	725	14.9	6.9	810	8.2
Dorsey	12.0	726	14.9	8.4	707	8.9
Philadelphia Natl	12.0	727	13.7	9.4	614	9.8
U S Air	12.0	728	16.9	6.6	834	11.6
Gray Drug Stores	11.9	729	7.8	9.6	598	6.1
Westinghouse Electric	11.9	729	12.9	9.6	593	11.2
Northern Trust	11.9	731	10.7	10.4	532	9.4
Johns-Manville	11.9	732	12.5	8.6	686	7.2
Union Electric	11.9	733	11.0	6.3	877	6.0
Levitz Furniture	11.8	734	19.1	8.0	736	10.6
Duke Power	11.8	735	13.4	6.3	872	7.0
Wisconsin Elec Power	11.8	736	12.4	6.7	826	6.6
Central Soya	11.8	737	13.4	9.1	642	9.9
Allegheny Power	11.7	738	11.2	6.2	886	5.7
Southern Calif Edison	11.7	739	14.0	6.7	826	7.6
Olin Corp	11.7	740	10.2	9.1	643	7.8
Chemical New York	11.7	741	12.1	9.1	643	8.9
N Y State Elec & Gas	11.7	742	12.8	6.6	838	7.1
Columbus & So Ohio	11.7	743	10.1	6.7	822	6.3
Union Pacific	11.7	744	15.8	8.0	730	10.4
AmeriTrust Corp	11.6	745	11.6	11.6	427	11.6
Consolidated Edison	11.6	745	10.5	6.3	880	6.1
Avery International	11.6	747	16.1	8.9	667	11.4
Foodarama Supermkts	11.6	747	8.3	9.8	580	7.1
Trane	11.6	747	11.9	9.5	612	9.5
Lane Bryant	11.6	750	10.1	9.8	578	8.7
Lincoln Natl Corp	11.6	751	13.6	10.9	499	12.4
Superior Oil	11.6	752	22.5	10.4	536	14.7
General Instrument	11.6	753	17.6	9.0	661	14.5
F W Woolworth	11.6	753	14.2	7.9	744	8.8
NLT	11.5	755	11.6	11.3	457	11.2
American Elec Power	11.5	756	10.6	6.3	873	6.0
Oklahoma Gas & Elec	11.5	756	7.5	6.1	897	4.5
Hiram Walker	11.5	758	14.9	9.9	568	12.4
Browning-Ferris Inds	11.5	759	15.8	7.4	772	10.1
Armco	11.5	760	15.7	8.1	719	10.8
Ward Foods	11.4	761	20.6	3.7	981	10.6
AMAX	11.4	762	19.4	8.4	701	13.4
Ruddick	11.4	762	13.8	9.0	654	10.6
Celanese	11.4	764	16.9	7.5	765	11.0
No Indiana Pub Svc	11.4	764	10.3	5.7	918	5.4
El Paso Company	11.4	766	20.8	5.4	934	7.8
Utah Power & Light	11.4	767	10.9	6.8	812	6.6
Baltimore Gas & Elec	11.4	768	12.1	6.5	844	6.8
Gulf States Utils	11.3	769	10.6	5.6	928	5.5
Harris Bankcorp	11.3	769	9.2	9.7	586	8.4
Kuhn's-Big K Stores	11.3	771	3.9	10.5	525	5.1
Int'l Harvester	11.3	772	15.8	8.5	699	11.3
SCM	11.3	772	12.8	8.2	713	9.4
Jewel Companies	11.3	774	13.3	7.5	766	8.6
Niagara Mohawk Power	11.2	775	12.0	6.3	873	6.6
Business Men's Assur	11.2	776	18.8	9.9	565	18.0

*The average return may be for less than a 5-year period as footnoted in individual Yardsticks tables.

**Not available; not ranked. def Deficit.

Who's Where In Profitability

Company	Return On Equity			Return On Capital		
	5-year* average	rank	latest 12 months	5-year average	rank	latest 12 months
Girard	11.2%	777	15.4%	8.4%	703	11.0%
NL Industries	11.2	778	14.1	8.6	687	9.2
Owens-Illinois	11.2	778	12.1	7.6	761	7.8
Public Svc Elec & Gas	11.2	778	11.7	6.1	897	6.2
Reynolds Metals	11.2	781	16.7	6.5	846	9.4
National Can	11.1	782	17.9	8.0	733	11.8
DeSoto	11.1	783	8.6	9.1	647	7.3
Pacific Lighting	11.1	784	14.3	6.4	848	7.9
Bemis	11.1	785	17.6	8.1	724	11.4
Ohio Edison	11.1	785	9.6	6.0	904	5.9
Commercial Metals	11.1	787	22.7	9.1	645	16.5
Norfolk & Western Ry	11.0	788	14.3	6.4	857	8.8
Pacific Gas & Elec	11.0	788	12.8	6.6	830	7.7
Louisville Gas & Elec	11.0	790	9.4	6.1	899	5.3
Thrifty Corp	11.0	790	15.1	8.8	672	12.8
Gas Service	11.0	792	14.1	6.4	850	7.1
Scott Paper	11.0	792	15.2	8.2	712	11.2
Mellon National Corp	11.0	794	12.2	9.5	689	11.0
Brockway Glass	10.9	795	4.2	9.0	659	4.0
So New England Tel	10.9	795	11.8	6.2	888	6.3
Flintkote	10.9	797	20.7	7.8	745	13.8
Delmarva Power & Lt	10.9	798	11.7	6.3	868	6.7
Pay Less Drug (Cal)	10.9	798	9.3	10.2	551	6.1
BancOhio Corp	10.9	800	10.9	10.1	557	10.0
Inland Steel	10.9	801	12.7	7.9	739	8.7
Rochester Gas & Elec	10.9	801	10.3	6.3	877	6.0
Texaco	10.9	803	15.6	8.4	706	11.1
Alleghany Corp	10.8	804	16.6	10.4	533	16.3
Del E Webb	10.8	805	9.2	9.9	570	10.3
San Diego Gas & Elec	10.8	806	9.4	6.7	819	6.3
Dayton Power & Light	10.8	807	10.8	6.4	857	6.5
Zale	10.8	807	12.5	10.0	562	11.2
Ross's Stores	10.7	809	11.0	9.7	583	9.5
Strawbridge & Clothier	10.7	810	10.4	8.5	698	7.3
Texasgulf	10.7	811	13.4	7.6	758	8.5
Polaroid	10.7	812	5.5	10.7	516	5.5
Brunswick	10.6	813	11.3	8.2	717	8.0
Commonwealth Edison	10.6	814	10.0	5.7	921	5.5
Northeast Utilities	10.5	815	10.3	5.8	914	5.6
Kansas City Pwr & Lt	10.5	816	10.2	5.5	933	5.2
Washington Natl Corp	10.5	816	13.2	9.2	633	11.9
West Point-Pepperell	10.5	818	9.5	8.9	662	7.6
Skyline	10.5	819	10.8	10.4	533	10.7
National Fuel.Gas	10.4	820	11.7	6.9	811	7.5
Armstrong Cork	10.4	821	12.3	8.5	699	10.1
Knudsen	10.4	822	17.1	6.8	814	9.5
Amfac	10.4	823	16.5	7.0	806	10.0
Potomac Elec Power	10.4	823	10.4	6.3	868	6.2
Southern Company	10.4	823	8.0	5.1	945	4.7
American Airlines	10.3	826	12.3	5.6	926	6.5
First Natl Boston	10.3	826	13.6	7.5	762	8.9
PennCorp Financial	10.3	826	14.6	9.2	635	10.4
Fisher Foods	10.3	829	def	6.7	819	2.1
Kentucky Utilities	10.3	830	11.5	5.6	923	6.1
Holiday Inns	10.3	831	9.2	7.4	776	7.1
CPS Continental	10.3	832	11.4	7.7	755	8.2
Chase Manhattan Corp	10.3	832	14.6	3.2	713	11.1
Hoover Co	10.3	834	18.1	9.4	616	17.2
Liggett Group	10.3	835	15.3	8.3	710	11.3
Coca-Cola Bottling NY	10.2	836	10.0	9.1	726	6.4
Southwest Forest Inds	10.2	837	15.6	6.7	822	10.4
Oxford Industries	10.2	838	9.9	8.8	678	8.6
Peoples Drug Stores	10.2	839	15.1	8.4	707	11.0
Federal Paper Board	10.2	840	4.4	6.8	815	4.2
Public Service Colo	10.2	841	8.0	5.6	924	5.1

Company	Return On Equity			Return On Capital		
	5-year* average	rank	latest 12 months	5-year* average	rank	latest 12 months
Cluett, Peabody	10.1%	842	9.3%	8.5%	692	7.7%
Intl Tel & Tel	10.1	843	7.3	7.8	748	6.0
Va Electric & Power	10.1	843	9.0	5.9	910	5.6
General Public Utils	10.1	845	8.5	5.8	914	5.3
Sperry & Hutchinson	10.1	846	12.1	9.3	628	10.8
Allegheny Ludlum Inds	10.0	847	23.1	6.4	855	10.1
Duquesne Light	10.0	848	8.6	5.6	924	5.3
Envirotech	10.0	848	4.2	9.0	653	4.2
Morton-Norwich	10.0	848	16.3	8.0	736	12.1
Cities Service	10.0	851	10.7	7.7	754	7.7
Bankers Trust NY	9.9	852	13.0	8.2	716	10.0
Dillard Dept Stores	9.9	852	10.0	6.6	830	5.6
Central Illinois Lt	9.9	854	12.8	5.3	939	6.0
Fuqua Industries	9.9	855	25.7	7.2	795	14.3
Nationwide Corp	9.9	855	10.9	10.0	564	11.3
Magic Chef	9.8	857	12.8	8.5	694	9.2
Interlake	9.8	858	11.3	8.5	692	9.0
Williams Companies	9.8	859	6.3	6.6	830	4.8
Scovill	9.8	860	18.1	7.8	745	10.9
Rapid-American	9.8	861	17.1	5.8	916	6.8
Warner & Swasey	9.8	862	17.7	7.8	752	13.8
Phila Electric	9.7	863	10.0	5.6	928	5.6
Northwest Airlines	9.7	864	10.5	6.7	822	7.2
Sambo's Restaurants	9.7	864	def	14.4	240	def
Hammermill Paper	9.6	866	12.0	6.7	826	7.7
Norin	9.6	867	13.6	6.7	822	7.6
Southeast Banking	9.6	867	14.7	7.5	769	10.2
Portland Genl Elec	9.6	869	7.8	6.1	894	5.4
GATX	9.6	870	15.7	5.2	943	6.9
Outboard Marine	9.6	871	6.1	8.0	730	5.4
BanCal Tri-State	9.5	872	11.7	7.3	784	8.7
Wickes	9.5	873	16.2	6.4	864	9.3
United States Filter	9.5	874	9.0	8.7	681	6.9
Tesoro Petroleum	9.5	875	35.7	7.7	757	15.2
Kellwood	9.4	876	def	7.4	780	1.0
Lukens Steel	9.4	876	5.9	8.0	738	5.0
Detroit Edison	9.4	878	10.5	5.0	949	4.6
Gamble-Skogmo	9.3	879	10.4	6.9	808	7.0
Chic Pneumatic Tool	9.3	880	14.4	9.2	641	12.4
Chic & North Western	9.3	881	def	4.2	971	1.2
Alterman Foods	9.2	882	13.6	7.3	786	9.9
A O Smith	9.2	883	14.2	7.5	766	11.5
Goodyear	9.2	884	7.7	7.0	804	6.0
Alexander & Baldwin	9.2	885	10.1	7.8	753	7.5
Robertshaw Controls	9.1	886	10.3	7.4	772	8.0
First Wisconsin Corp	9.1	887	12.0	7.4	776	9.4
Seagram	9.0	888	9.9	7.3	787	7.7
Dillingham	9.0	889	16.7	5.9	909	10.0
Santa Fe Industries	9.0	890	10.8	6.4	857	7.4
Associated Dry Goods	8.9	891	8.7	7.4	774	7.1
UAL	8.9	892	def	4.5	959	0.1
Borman's	8.8	893	12.1	6.3	877	8.0
Allied Chemical	8.8	894	def	6.4	857	0.2
Reichhold Chemicals	8.8	895	4.4	7.4	780	4.6
IC Industries	8.8	896	10.2	5.7	917	5.5
Kaiser Steel	8.8	896	11.5	6.4	850	7.6
Newmont Mining	8.7	898	21.6	6.7.	821	14.2
Curtiss-Wright	8.7	899	9.2	8.7	683	7.7
Zayre	8.7	899	9.5	5.8	912	6.3
Koehring	8.7	901	12.1	6.4	857	8.1
Olympia Brewing	8.7	902	9.7	7.7	756	8.1
Boston Edison	8.7	903	11.1	5.1	946	5.4
Edward Hines Lumber	8.6	904	7.0	8.0	730	6.3
Stokely-Van Camp	8.5	905	10.8	6.7	817	8.1
Graniteville	8.5	906	1.1	7.4	774	1.7

*The average return may be for less than a 5-year period as footnoted in individual Yardsticks tables.
def Deficit.

Who's Where In Profitability

	Return On Equity			Return On Capital		
Company	5-year* average	rank	latest 12 months	5-year* average	rank	latest 12 months
Zapata	8.4%	907	9.0%	5.1%	947	5.5%
Armstrong Rubber	8.3	908	6.5	6.2	888	5.7
Continental Airlines	8.2	909	def	5.1	948	1.9
Bergen Brunswig	8.2	910	16.4	7.1	797	12.8
Cyclops	8.2	911	16.9	6.1	896	11.1
Hart Schaffner & Marx	8.2	912	9.9	7.2	793	8.7
Marshall Field	8.1	913	8.6	6.8	812	6.2
Chessie System	8.1	914	10.0	5.3	939	6.2
Burlington Inds	8.0	915	7.4	6.5	844	6.0
Inco Ltd	8.0	916	3.9	5.2	944	2.5
Cannon Mills	7.9	917	10.5	7.9	742	10.4
J P Stevens	7.9	917	9.0	6.4	852	7.0
Pabst Brewing	7.9	919	4.0	7.2	791	3.5
Di Giorgio	7.8	920	11.1	6.1	892	8.0
Zenith Radio	7.8	921	7.9	7.3	784	7.1
Eastern Air Lines	7.8	922	9.4	4.5	961	5.5
Perial	7.8	923	7.7	6.4	852	6.3
First Penna Corp	7.7	924	6.6	6.2	888	5.9
Fairmont Foods	7.6	925	7.1	6.3	880	6.1
Kaufman & Broad	7.6	926	10.3	6.1	893	7.4
Bache Group	7.5	927	9.2	7.1	797	9.1
Rohm & Haas	7.5	928	16.2	6.3	865	12.3
Washington Gas Light	7.4	929	5.0	5.0	951	4.1
Control Data	7.4	930	11.0	6.0	905	8.6
Macmillan	7.3	931	8.4	6.1	894	6.9
Seatrain Lines	7.3	932	def	3.1	991	def
Wylain	7.2	933	8.5	5.9	906	6.8
Seaboard Coast Line	7.2	934	9.4	5.3	941	6.3
National Steel	7.2	935	10.4	5.5	930	7.4
Alexander's	7.1	936	6.3	4.6	958	4.6
Ceco	7.1	937	12.8	6.0	903	10.3
United States Steel	7.0	938	6.9	5.8	911	5.4
U S Industries	7.0	939	10.4	6.4	863	8.6
ASARCO	6.9	940	24.3	6.1	900	18.0
Varian Associates	6.8	941	5.2	6.0	901	4.6
Dan River	6.7	942	13.0	5.2	942	8.9
Thriftimart	6.7	943	17.2	5.5	932	14.0
Republic Steel	6.6	944	10.7	5.4	938	8.0
Pan Am World Airways	6.5	945	9.3	4.8	955	7.9
B F Goodrich	6.4	946	10.2	5.6	922	7.7
Jos Schlitz Brewing	6.4	947	def	4.9	953	def
St Louis-San Fran Ry	6.4	948	7.7	4.3	968	4.9
Kane-Miller	6.3	949	1.0	5.7	918	2.9
Bunker-Ramo	6.3	950	17.2	6.3	866	12.8
Southern Pacific	6.3	951	9.0	4.5	960	5.9
Springs Mills	6.3	952	11.1	5.5	930	9.5
Allied Van Lines	6.2	953	def	5.6	926	0.5
Pamida	6.1	954	def	6.5	847	1.5
LTV	6.1	955	27.8	3.9	978	6.9
Trans World	6.1	955	6.1	3.8	980	4.4
IU International	6.1	957	1.1	5.4	934	4.0
Mohasco	6.0	958	3.5	5.0	951	3.7
Avondale Mills	6.0	959	2.9	5.8	913	2.9
Dynalectron	6.0	960	3.5	5.4	937	3.6
Phillips Industries	5.9	961	16.2	6.5	842	12.0
Ramada Inns	5.7	962	8.7	4.1	975	4.7
G C Murphy	5.6	963	3.6	5.0	950	3.9
Citizens & Southern NB	5.4	964	9.5	5.4	934	8.8
Burlington Northern	5.4	965	8.2	4.1	974	5.5
Barnes Industries	5.3	966	6.3	4.2	971	4.9
Jonathan Logan	5.3	967	3.1	4.8	956	3.1
Monfort of Colorado	5.2	968	def	4.6	957	1.1
Phillips-Van Heusen	5.2	969	8.5	4.3	966	6.4
Litton Industries	5.2	970	26.6	4.2	970	14.8
J Weingarten	5.0	971	5.2	4.9	954	4.9
Marine Midland Banks	4.9%	972	7.8%	4.3%	968	5.8%
Fed-Mart	4.9	973	def	6.2	882	def
Bethlehem Steel	4.6	974	13.2	4.4	965	10.5
Western Union	4.6	975	def	4.4	962	2.3
Revere Copper	4.5	976	19.2	3.3	986	8.8
Phelps Dodge	4.5	977	8.4	4.3	967	6.2
Akzona	4.3	978	7.9	3.6	983	5.5
GAF	4.0	979	10.0	3.8	979	6.8
Questor	3.9	980	4.4	4.0	976	4.6
GEICO	3.8	981	53.8	def	1025	22.4
Cook United	3.8	982	6.2	3.6	982	5.0
Sherwin-Williams	3.8	982	3.9	3.9	977	3.4
Tappan	3.5	984	11.5	3.5	984	9.1
McLouth Steel	3.4	985	9.8	3.2	987	6.8
National Airlines	3.3	986	def	2.4	1002	def
Culbro	3.1	987	def	4.4	962	def
Reliance Group	3.1	988	34.8	10.3	542	15.2
Keystone Consolidated	3.1	989	def	3.5	985	1.2
Munford	3.0	990	2.3	4.4	962	3.8
Fidelcor	2.8	991	def	3.0	992	def
United Brands	2.7	992	4.7	3.1	989	4.2
Wheeling-Pitts Steel	2.7	993	17.8	3.1	990	11.1
Shopwell	2.3	994	5.6	2.5	1001	4.0
AM International	2.1	995	0.6	2.7	994	1.9
Uniroyal	2.0	996	def	2.9	993	1.4
Firestone	2.0	997	def	2.5	999	def
Allied Products	1.9	998	7.5	3.2	988	5.5
Kennecott Copper	1.8	999	6.1	2.6	998	5.4
Vornado	1.6	1000	2.7	2.7	994	3.4
American Motors	1.5	1001	18.9	2.3	1003	16.1
Warnaco	1.3	1002	15.5	2.7	996	10.6
General Refractories	1.1	1003	7.0	2.7	996	5.8
Goldblatt Brothers	0.1	1004	def	1.4	1006	def
M Lowenstein	def	1005	1.1	1.7	1004	2.6
Scot Lad Foods	def	1006	12.4	1.2	1009	7.2
Bell & Howell	def	1007	def	0.0	1011	def
White Motor	def	1008	9.0	1.4	1007	7.0
Rohr Industries	def	1009	32.8	0.6	1010	14.0
General Host	def	1010	11.8	2.5	999	8.0
Pueblo International	def	1011	13.4	def	1014	8.3
National Tea	def	1012	12.5	def	1016	8.1
Great Atl & Pac Tea	def	1013	def	def	1012	def
Penn-Dixie Inds	def	1014	5.7	def	1013	5.6
Chrysler	def	1015	def	def	1018	def
Champion Home	def	1016	def	def	1021	def
Massey-Ferguson	def	1017	def	1.7	1005	def
Arden Group	def	1018	5.9	1.3	1008	5.0
Singer	def	1019	def	def	1020	def
Fedders	def	1020	def	def	1017	def
Food Fair	def	1021	**	def	1019	**
Genesco	def	1022	12.5	def	1023	7.0
United Merch & Mfrs	def	1023	18.6	def	1026	4.9
City Stores	def	1024	def	def	1024	def
Commonwealth Oil Rfg	def	1025	26.8	def	1022	8.3
Chicago Rock Island	def	1026	def	def	1027	def
Intl Foodservice	def	1027	def	def	1028	def
National Kinney	def	1028	def	def	1015	1.1
Rath Packing	def	1029	def	def	1030	def
Allied Supermarkets	def	1030	def	def	1029	def
Cross & Trecker	**		24.6	**		22.6
DPF	**		19.2	**		8.0
First Natl Supermkts	**		10.2	**		6.3
Memorex	**		26.2	15.6	188	12.9
Toys "R" Us	**		24.5	**		16.1

*The average return may be for less than a 5-year period as footnoted in individual Yardsticks tables.

**Not available; not ranked. def Deficit.

How they rank, long- and short-term, in sales and earnings growth—and, just as important, whether they're ahead of inflation.

Who's Where in Growth

In an era of ravaging inflation, growth is relative. Average annual increases in earnings per share of 7.1%, for example, would seem to be pretty good. Yet any company that grew only that much has just stayed even with inflation, as measured by the gross national product price deflator. And nearly one out of three of the companies listed has failed even to do that well. Included are such "growth" companies of a few years ago as ITT (whose average earnings increase was a tiny 1.9%), IU International, GEICO and Singer.

Of the 715 companies that *did* equal or exceed inflation, moreover, 318 showed greater sales growth than earnings growth. That does not necessarily mean there is something wrong, but it can suggest problems like dilution or—worse yet—weak earnings from acquisitions or market-share gains. Some industries are, willy-nilly, hostage to sales growth—like semiconductors and computers, where such premier companies as Intel, Data General and National Semiconductor all showed more sales growth than earnings growth.

Looking like a growth company is different from being one. We use an average of earnings during the period 1970-74 as a base. So if a company had deficits in one or more of those years, the road back to "normal" profitability would initially look like unusually rapid earnings growth. Similarly, Subaru of America, the most profitable of all 1,035 companies, shows up near the bottom of the growth list because of the statistical difficulty of representing its deficit-to-profit earnings history.

That's why it is useful to compare the growth in 1979 alone with the five-year average. For example, while Parker Pen's earnings growth lagged its sales growth for the five-year period, its 1979 earnings jumped significantly. By contrast, Houston Oil and Minerals five-year average sales growth was 80.2% and its earnings growth 51.1%—a gap that widened in 1979.■

Who's Where In Growth

Corresponding Annual Change in GNP Price Deflator: 7.1%

	Earnings Per Share			Sales		
Company	5-year* average	rank	79† vs 1976-78	5-year* average	rank	79† vs 1976-78
Reliance Group	140.9%	1	71.1%	11.3%	780	30.2%
Olin Corp	85.7	2	–0.6	9.8	793	18.8
Pneumo Corp	83.2	3	–8.9	15.4	380	30.7
RLC Corp	76.0	4	51.7	8.8	852	45.7
Whittaker	74.8	5	126.1	3.5	1004	31.3
Savannah Foods	73.4	6	–32.3	6.6	940	19.2
Manhattan Industries	69.6	7	–10.2	8.4	872	18.1
SCOA Industries	68.9	8	50.0	15.1	399	19.0
Savin	68.8	9	175.4	31.1	47	133.3
ConAgra	68.6	10	28.5	8.5	868	27.5
[illegible] Mfg	65.9	11	81.5	11.5	674	39.6
Raymond Intl	65.8	12	–8.2	21.0	137	61.5
Kay	63.6	13	48.9	21.7	122	47.6
Shearson Hayden Stone	62.6	14	77.1	34.6	32	74.2
Teledyne	57.5	15	100.4	10.4	762	21.2
Tandy	56.2	16	51.8	27.8	42	35.6
Service Merchandise	55.7	17	28.3	47.2	7	76.3
Storage Technology	53.7	18	111.5	44.8	9	128.4
Arcata	52.9	19	81.4	14.3	438	78.5
Houston Oil & Minerals	51.1	20	–14.7	80.2	1	36.1
Moore McCormack Res	50.8	21	32.5	23.0	129	33.1
Best Products	48.6	22	62.5	42.7	12	79.9
MGM	46.2	23	63.8	14.0	469	54.2
United Energy Resources	44.6	24	40.4	27.5	58	68.0
Ruddick	44.4	25	18.7	11.3	698	28.1
Bergen Brunswig	43.9	26	214.0	11.8	660	33.4
Intel	42.9	27	91.2	47.2	8	93.7
H K Porter	42.5	28	58.0	10.6	744	33.0
Boeing	42.3	29	130.8	8.7	857	66.4
NCR	42.1	30	22.1	8.7	860	15.6
Dorchester Gas	42.0	31	117.4	55.2	3	314.8
Levi Strauss	40.7	32	47.4	21.6	126	29.8
Tosco	39.7	33	410.9	49.8	5	64.6
Data General	39.6	34	63.2	49.5	6	91.3
Intl Minerals & Chem	38.8	35	6.1	18.3	230	18.8
Beech Aircraft	38.1	36	39.6	18.2	232	37.5
Wheelabrator-Frye	37.7	37	28.5	21.6	124	72.6
Earth Resources	37.4	38	22.3	42.4	43	26.4
Evans Products	36.7	39	63.8	2.7	1010	47.4
Parker Drilling	36.6	40	48.1	35.2	28	74.0
Coachmen Industries	36.1	41	P–D	39.5	17	–23.5
Schlumberger	36.0	42	51.8	23.4	100	44.9
United States Filter	35.8	43	13.9	27.2	63	83.3
Curtiss-Wright	35.7	44	10.5	5.0	979	7.1
Wal-Mart Stores	35.7	45	51.0	40.2	14	65.6
Farm House Foods	35.6	46	67.6	22.8	92	34.7
Smith International	35.5	47	19.6	26.5	66	39.5
Thriftimart	35.4	48	98.1	5.1	977	18.4
Pitney-Bowes	35.4	49	46.3	13.0	580	48.2
Allis-Chalmers	35.1	50	16.0	9.9	789	20.5
Meredith	35.1	50	27.9	10.4	756	35.9
Texas Oil & Gas	35.1	52	50.8	50.2	4	53.0
Ryder System	35.0	53	40.0	19.4	189	48.1
Parsons	34.7	54	27.9	18.4	227	–11.8
Crown Central Petroleum	34.0	55	345.8	22.4	99	58.8
Fluor	34.0	56	33.9	32.6	48	51.0
Digital Equipment	33.8	57	60.7	37.4	21	76.7
Gelco	33.8	58	50.7	66.8	2	93.8
Cameron Iron Works	32.6	59	49.6	22.0	109	28.5
Raychem	32.5	60	195.6	24.2	81	89.9
C F Braun	32.4	61	–18.1	18.7	199	–16.7
Modern Merchandising	32.3	62	3.3	34.5	33	32.4
Baker International	32.3	63	48.9	34.4	35	60.8

	Earnings Per Share			Sales		
Company	5-year* average	rank	79† vs 1976-78	5-year* average	rank	79† vs 1976-78
Paine Webber	32.2%	64	20.4%	22.1%	106	73.5%
Cone Mills	32.0	65	16.6	11.8	700	8.0
Hilton Hotels	31.9	66	108.6	4.3	993	28.3
Dayton-Hudson	31.8	67	3.2	13.7	496	39.2
Entex	31.7	68	45.6	35.5	26	46.1
Athlone Industries	31.6	69	33.3	6.5	944	18.2
SCM	31.6	70	42.1	8.7	859	28.8
Dean Foods	31.5	71	28.7	12.9	560	40.0
Wyman-Gordon	31.5	72	–14.4	16.6	317	33.7
Metromedia	31.5	73	50.6	11.8	655	29.7
Northrop	31.5	74	44.2	17.0	296	6.8
[illegible]	31.5	74	12.9	12.7	585	42.8
Cincinnati Milacron	31.0	76	132.8	11.5	679	34.2
Houston Natural Gas	31.0	77	13.8	34.9	30	28.2
Natl Semiconductor	31.0	77	117.0	37.5	20	93.8
UV Industries	30.9	79	342.1	4.6	867	–18.0
MCA	30.7	80	21.4	18.5	217	29.7
Halliburton	30.7	81	3.1	26.2	78	35.9
Washington Post	30.6	82	38.7	14.5	444	28.2
Bruno's	30.6	83	87.1	25.3	73	55.3
Cross & Trecker	30.5	84	125.7	14.8	419	66.9
Niagara Frontier Services	30.0	85	25.9	27.2	64	34.8
J Ray McDermott	29.8	86	–97.0	36.3	24	62.5
Ashland Oil	29.7	87	270.5	17.6	255	36.4
Itel	29.6	88	P-D	34.9	29	71.1
Fuqua	29.4	89	16.5	16.6	318	24.1
E-Systems	29.2	90	–10.9	13.1	546	11.0
Gates Learjet	29.1	91	20.6	21.6	127	58.6
Amsted Industries	29.0	92	58.5	12.8	572	47.2
Hughes Tool	28.5	93	47.8	34.1	38	49.1
UAL	28.5	94	P-D	11.2	703	7.6
Blue Bell	28.3	95	11.1	17.7	250	24.7
Sundstrand	28.1	96	47.8	14.5	447	24.9
[illegible]	27.9	97	162.4	4.4	991	15.1
Fort Howard Paper	27.7	98	29.2	19.3	197	30.6
U S Air	27.6	99	0.8	14.5	443	33.9
Nucor	27.5	100	132.8	20.7	149	70.7
Santa Fe Intl	27.4	101	–80.5	21.7	120	1.7
Humana	27.3	102	136.9	37.5	19	128.1
Cooper Industries	27.3	103	40.4	21.6	125	71.7
A E Staley Mfg	27.1	104	–19.8	21.1	134	36.7
United Technologies	27.1	104	14.9	19.0	208	37.5
Lear Siegler	27.0	106	72.1	10.4	759	47.1
Morrison-Knudsen	27.0	107	42.3	15.1	395	37.7
Natomas	26.9	108	23.2	36.4	22	66.9
Standard Oil Ohio	26.9	109	181.7	22.0	118	63.2
Iowa Beef Processors	26.8	110	21.2	16.6	311	70.4
McDonald's	26.7	111	34.7	26.5	69	31.1
Parker Pen	26.7	112	72.3	33.9	37	39.6
Pioneer Corp	26.6	113	47.1	30.9	48	30.6
Fisher Scientific	26.6	114	18.6	15.0	407	26.0
E F Hutton Group	26.2	115	26.7	24.5	79	71.6
Arvin Industries	26.1	116	–26.9	15.4	379	10.7
Big Three Industries	26.1	117	27.8	27.5	59	40.9
Kimberly-Clark	26.1	118	134.1	10.2	773	23.0
Charter Company	26.1	119	981.2	29.2	53	123.1
Consolidated Papers	26.0	120	72.0	15.1	397	27.6
Edison Bros Stores	26.0	121	33.8	13.7	499	25.6
Morse Shoe	25.9	122	23.5	12.4	604	30.0
Denny's	25.8	123	10.7	26.0	71	43.0
Fairchild Industries	25.7	124	170.8	11.2	706	69.6
MAPCO	25.6	125	18.0	30.7	49	42.3
Foster Wheeler	25.6	126	55.8	18.0	244	31.9

*The average return may be for less than a 5-year period as indicated in individual Yardsticks tables.

†Latest 12 months. P-D Profit to deficit.

Who's Where In Growth

Corresponding Annual Change in GNP Price Deflator: 7.1%

	Earnings Per Share			Sales		
Company	5-year* average	rank	79† vs 1976-78	5-year* average	rank	79† vs 1976-78
Mead	25.6%	127	26.7%	9.5%	814	33.1%
Wang Laboratories	25.5	128	164.6	32.3	44	152.4
Dan River	25.5	129	88.8	6.4	945	12.7
Tektronix	25.4	130	82.8	22.4	200	76.5
Waste Management	25.4	131	59.2	25.0	76	51.4
Air Prods & Chems	25.3	132	40.8	20.3	159	31.6
Hyster	25.2	133	81.5	13.8	487	42.7
EG&G	25.1	134	66.5	21.7	119	39.0
Pioneer Hi-Bred Intl	24.8	135	29.3	21.1	138	26.6
Kerr Glass Mfg	24.8	136	−24.1	11.3	691	22.9
Natl Convenience Strs	24.8	137	73.4	20.1	164	48.5
General Dynamics	24.7	138	246.3	9.7	886	34.1
North American Coal	24.6	139	65.9	21.9	115	28.6
Rapid-American	24.6	140	70.8	−0.5	1089	5.3
Central Steel & Wire	24.5	141	51.1	12.9	561	38.6
Varian Associates	24.5	141	−34.2	11.1	718	35.1
Walter Kidde	24.4	143	42.7	12.4	606	45.3
Dresser Industries	24.4	144	20.1	21.8	116	28.9
Bausch & Lomb	24.4	145	49.9	14.8	428	26.7
Tyler	24.3	146	22.1	16.0	347	31.8
Loews	24.3	147	50.9	33.3	38	20.6
American Stores	24.2	148	49.2	25.2	74	122.6
Super Valu Stores	24.2	149	39.2	15.8	360	26.6
American Intl Group	24.2	150	46.4	21.0	138	49.1
Transamerica	24.2	151	42.2	10.9	721	23.2
Archer Daniels Midland	24.0	152	3.8	18.2	283	33.5
Hospital Corp of Am	23.8	153	46.2	29.0	54	48.8
Midland-Ross	23.8	154	47.6	11.2	708	46.2
Rite Aid	23.7	155	40.1	20.8	147	28.1
Petrie Stores	23.6	156	15.7	17.2	288	16.9
Albertson's	23.6	157	52.3	21.1	135	38.1
Northwest Industries	23.6	157	27.3	17.1	292	28.5
RCA	23.6	159	23.9	8.9	862	22.6
Beckman Instruments	23.5	160	60.5	14.7	427	56.4
Dillingham	23.4	161	184.5	9.2	880	22.2
Golden State Foods	23.3	162	61.7	28.7	55	56.7
Potlatch	23.3	163	39.8	11.5	677	15.7
Owens-Corning Fiberglas	23.2	164	8.3	18.5	218	46.8
Masco	23.1	165	34.5	26.7	67	46.8
American Family	22.9	166	25.1	40.8	13	60.2
Baxter Travenol Labs	22.9	167	44.5	22.6	97	35.5
Diamond Shamrock	22.8	168	−14.5	18.4	228	39.4
Raytheon	22.8	169	58.9	13.7	498	26.6
General Instrument	22.8	170	59.9	8.0	899	20.7
Cluett, Peabody	22.7	171	−5.1	2.5	1081	10.8
Signal Companies	22.7	171	88.8	15.9	364	35.4
Auto Data Processing	22.7	173	46.2	29.4	52	59.4
Hewlett-Packard	22.6	174	58.4	21.7	121	56.4
Bucyrus-Erie	22.4	175	21.1	20.9	140	5.4
Abbott Laboratories	22.4	176	39.4	17.5	286	27.8
Capital Cities Communs	22.4	177	44.8	20.9	141	35.9
Sun Chemical	22.4	177	55.3	14.1	465	33.8
G Heileman Brewing	22.3	179	70.6	21.4	131	82.5
Dexter	22.3	180	28.4	27.8	56	49.6
Gulf & Western Inds	22.3	180	29.7	16.2	338	39.8
Amer Broadcasting	22.1	182	47.4	12.8	578	23.1
Belco Petroleum	22.1	182	52.9	21.0	134	41.8
Pay'n Save	22.1	184	18.6	27.6	57	21.0
U S Fidelity & Gty	22.1	185	44.6	14.4	440	27.6
Dillon Companies	22.0	186	20.7	22.9	91	42.4
Johnson Controls	22.0	187	27.4	18.3	229	137.2
Carpenter Technology	21.9	188	55.7	13.1	543	51.7
American Financial	21.9	189	247.7	27.5	60	14.0
Business Men's Assur	21.8	190	58.1	7.1	972	8.2
Crane	21.8	191	9.6	6.5	943	28.6
Interpublic Group	21.7%	192	47.6%	14.2%	459	39.3%
Melville	21.7	193	25.3	19.0	201	30.8
Phillips Petroleum	21.6	194	61.0	16.6	306	33.0
Cabot	21.5	195	48.7	21.3	182	34.5
K mart	21.5	196	21.5	20.2	163	25.4
Curtice-Burns	21.5	197	34.7	29.6	51	39.9
Wallace-Murray	21.4	198	52.8	10.8	738	33.4
General Reinsurance	21.4	199	47.3	18.1	239	22.0
Zurn Industries	21.3	200	35.5	7.4	934	24.6
Burlington Northern	21.2	201	68.5	12.5	593	38.9
Federal Co	21.2	202	33.9	15.9	358	46.0
Reserve Oil & Gas	21.2	203	81.3	35.2	27	29.7
Safeco	21.2	204	36.3	13.1	547	31.9
Engelhard Minerals	21.1	205	100.1	27.1	66	84.1
Colonial Penn Group	21.1	206	21.7	25.6	72	26.7
Petrolane	21.1	206	35.1	21.6	123	43.3
Imperial Corp of Am	21.0	208	28.1	20.1	168	33.7
Ametek	20.9	209	27.2	11.5	679	32.2
Mallinckrodt	20.9	210	50.7	17.7	251	21.3
Kaiser Alum & Chem	20.9	211	100.5	13.5	512	31.6
Kemper Corp	20.9	211	44.9	19.8	177	38.6
White Consolidated	20.8	213	10.8	13.4	530	34.2
Stauffer Chemical	20.8	214	9.1	15.2	388	21.4
PACCAR	20.8	215	59.7	14.9	411	36.2
Missouri Pacific Corp	20.6	216	35.0	13.7	496	25.2
Handy & Harman	20.5	217	20.6	10.4	756	46.0
Revco D S	20.4	218	41.3	25.0	76	44.2
Consol Freightways	20.4	219	28.3	13.8	491	49.6
Joy Manufacturing	20.3	220	5.4	15.7	366	15.9
Supermarkets General	20.3	221	55.9	9.9	789	23.5
Caterpillar Tractor	20.2	222	33.6	17.3	286	36.2
Koppers	20.2	223	26.6	15.6	374	28.5
Sigmor	20.1	224	153.3	37.9	18	125.4
Bluebird	19.9	225	116.9	11.8	657	37.3
Crouse-Hinds	19.9	226	35.7	22.9	98	27.7
Dover Corp	19.7	227	44.6	14.2	458	42.3
Rexnord	19.7	227	18.3	14.1	462	28.8
Ogden	19.7	229	22.2	6.3	953	20.8
Carson Pirie Scott	19.6	230	11.4	5.8	964	11.1
Atlantic Richfield	19.6	231	46.9	20.0	178	35.1
St Paul Companies	19.6	232	22.4	15.2	391	25.0
Idle Wild Foods	19.6	233	24.3	10.2	771	41.2
Amer Hoist & Derrick	19.6	234	10.8	12.2	631	21.8
Reynolds Metals	19.5	235	80.0	12.6	568	34.2
Fieldcrest Mills	19.5	236	36.5	9.7	799	22.4
Alco Standard	19.5	237	28.8	13.9	474	30.9
Allied Stores	19.4	238	16.7	6.4	951	14.0
Union Pacific	19.4	239	59.6	17.3	278	45.9
ERC	19.4	240	55.8	16.6	309	19.9
Warner Communications	19.3	241	34.4	18.1	238	50.4
Pacific Resources	19.3	242	22.9	39.6	16	33.3
Snap-On Tools	19.2	243	67.1	18.9	208	38.9
Colt Industries	19.2	244	84.9	13.9	475	35.8
Riegel Textile	19.2	244	−6.1	8.9	842	13.8
Outlet	19.2	245	−15.8	22.0	114	32.9
SmithKline Corp	19.1	247	100.0	16.4	326	51.2
Pennzoil	19.0	248	62.1	20.2	162	48.9
Aetna Life & Casualty	19.0	249	47.4	12.8	491	32.6
Philip Morris	18.9	250	39.9	20.1	167	46.9
Reliance Electric	18.9	251	29.9	16.0	350	45.5
Leaseway Transportation	18.8	252	28.2	13.4	529	30.2
Certain-teed	18.8	253	−55.5	13.7	495	13.5
Dow Chemical	18.8	253	27.0	17.6	259	37.8
Kaneb Services	18.8	255	22.6	34.7	31	79.4
Norfolk & Western Ry	18.7	256	55.9	4.2	996	19.8

*The average return may be for less than a 5-year period as indicated in individual Yardstick tables.

†Latest 12 months.

Who's Where In Growth

Corresponding Annual Change in GNP Price Deflator: [illegible].1%

	Earnings Per Share			Sales		
Company	5-year* average	rank	79† vs 1976-78	5-year* average	rank	79† vs 1976-78
Earle M Jorgensen	18.6%	257	30.9%	11.7%	663	33.8%
Marsh Supermarkets	18.6	258	-9.8	11.5	674	24.6
Amer Genl Insurance	18.6	259	31.8	12.6	590	17.0
Vulcan Materials	18.6	260	31.5	12.2	623	37.9
Roper Corp	18.5	261	-18.3	8.1	886	8.6
Farmers Group	18.4	262	39.3	13.1	540	28.6
W W Grainger	18.4	263	44.1	18.9	206	39.7
Super Food Services	18.4	263	0.8	16.5	321	51.4
Jack Eckerd	18.4	265	33.5	25.2	74	49.9
Waldbaum	18.4	266	30.1	14.9	411	26.5
Bache Group	18.3	267	47.9	12.5	597	59.1
Barnes Group	18.3	268	81.7	14.9	410	40.8
Thiokol	18.3	268	63.1	12.9	568	31.5
International Paper	18.2	270	131.4	10.9	727	16.3
Deluxe Check Printers	18.2	271	33.2	15.7	364	27.3
SEDCO	18.2	272	-83.9	22.0	110	-3.1
Bally Manufacturing	18.2	273	68.5	24.0	84	44.9
Dana	18.1	274	38.7	17.5	265	50.8
Centex	18.0	275	37.3	20.5	154	44.1
Pay Less Drug NW	18.0	275	22.0	16.8	302	19.5
Pittston	18.0	277	-13.4	15.4	382	18.4
Blount	18.0	278	50.0	9.3	824	25.4
Ex-Cell-O	18.0	278	42.6	12.4	617	75.1
Fred Meyer	16.0	280	19.2	17.4	273	23.2
Pennwalt	18.0	281	18.5	12.2	630	21.7
Emhart	17.9	282	6.4	32.6	41	22.9
Penn Traffic	17.9	283	23.4	17.7	246	35.7
Times Mirror	17.9	284	54.9	14.0	473	32.6
Conoco	17.9	285	79.6	16.5	325	32.7
Northern Natural Gas	17.9	286	22.5	19.0	200	36.0
General Cinema	17.8	287	34.9	17.7	247	36.5
Westmoreland Coal	17.8	288	-64.2	13.0	557	6.7
H J Heinz	17.8	289	49.3	12.4	613	31.8
Baldwin-United	17.7	290	54.0	19.4	191	104.5
Hanover Insurance	17.7	291	36.0	14.9	415	28.2
Provident Life & Acc	17.7	292	29.5	9.1	836	6.9
Continental Airlines	17.6	293	P-D	13.1	548	34.3
Chessie System	17.6	294	43.3	6.7	937	19.9
American Can	17.6	295	15.0	11.0	716	25.5
Harris Corp	17.6	296	56.5	11.4	685	49.5
Union Camp	17.6	296	22.8	11.0	719	22.8
Federal-Mogul	17.6	298	43.6	10.4	756	29.0
Harsco	17.6	299	18.8	13.8	491	28.6
Time Inc	17.5	300	19.7	16.9	298	75.3
Gannett	17.5	301	34.8	18.0	240	75.6
Getty Oil	17.4	302	70.2	15.0	404	29.8
Revlon	17.4	303	34.6	20.8	147	39.7
American Natl Ins	17.4	304	51.2	10.2	776	12.4
Avnet	17.4	304	46.8	14.1	442	52.6
Longs Drug Stores	17.4	304	27.9	18.4	226	28.1
Dart Industries	17.4	307	46.1	12.9	565	39.0
Oklahoma Natural Gas	17.4	307	-12.5	32.6	42	27.6
McGraw-Hill	17.4	309	42.6	8.9	848	24.9
Interpace	17.3	310	41.1	7.9	892	9.2
Universal Leaf	17.3	311	33.5	9.7	803	31.4
Deere	17.2	312	23.5	17.5	267	32.0
Peabody Intl	17.2	313	32.8	24.0	85	45.3
Gt Western Financial	17.2	314	30.9	15.0	407	39.7
Walt Disney	17.2	315	33.6	17.1	291	22.3
Sonoco Products	17.2	316	26.1	11.9	649	41.1
Hoover Universal	17.1	317	18.7	14.3	457	46.5
Nalco Chemical	17.1	318	40.1	15.9	359	26.8
Superior Oil	17.0	319	217.0	22.1	107	73.7
American Express	16.9	320	39.5	15.7	368	29.3
Anderson, Clayton	16.9	320	30.6	7.4	910	18.6
Crum & Forster	16.9%	322	62.1%	13.8%	482	31.3%
Gordon Jewelry	16.9	322	82.5	13.7	501	54.2
Litton Industries	16.8	324	D-P	6.9	928	17.3
H F Ahmanson	16.8	325	21.4	18.9	204	35.0
J P Stevens	16.8	326	15.5	8.2	879	18.3
Flowers Industries	16.7	327	21.9	22.2	105	43.2
Ohio Casualty	16.7	327	62.5	16.7	308	32.5
Rainier Bancorp	16.7	327	24.1	15.7	364	57.0
Malone & Hyde	16.6	330	24.6	17.7	253	39.9
Ball Corp	16.6	331	41.4	18.1	237	21.5
Norris Industries	16.6	331	-8.2	10.5	746	19.9
AMP	16.6	333	58.1	14.9	417	48.3
First Charter Finl	16.6	333	4.2	17.6	261	33.3
General Signal	16.5	335	39.0	22.0	110	54.7
Kellogg	16.5	335	15.1	14.8	421	17.6
VSI	16.5	337	121.3	14.7	428	91.2
Bird & Son	16.5	338	-11.1	16.3	332	20.2
Cullum Companies	16.5	338	82.7	21.7	118	41.7
Genuine Parts	16.4	340	37.5	16.9	299	31.8
Hershey Foods	16.4	340	22.2	11.4	686	58.1
Alcoa	16.4	342	114.6	12.6	591	33.9
DEKALB AgResearch	16.4	343	11.0	20.7	151	23.3
Liquid Air of No Amer	16.4	344	-13.2	16.1	342	21.3
Roadway Express	16.3	345	10.2	16.2	337	32.2
McDonough	16.3	346	18.0	9.7	800	21.0
CBS	16.3	347	7.6	13.8	482	29.4
Bendix	16.2	348	35.1	11.5	676	16.7
Crown Cork & Seal	16.2	349	32.2	15.1	398	28.8
Sysco	16.2	350	58.6	20.1	164	47.3
Emery Air Freight	16.0	351	26.9	19.4	187	40.7
Intl Harvester	16.0	352	51.4	11.3	696	32.0
Burroughs	16.0	353	29.2	13.8	488	26.4
Southland Corp	16.0	354	38.2	16.0	348	40.9
Chubb	16.0	355	34.9	11.7	665	15.2
Control Data	16.0	355	78.3	13.0	558	31.4
Cessna Aircraft	15.9	357	28.5	18.2	231	50.4
Connecticut General	15.9	358	16.7	13.2	538	20.4
North Amer Philips	15.9	359	27.7	22.6	95	21.3
PepsiCo	15.8	360	28.8	18.7	212	37.0
Economics Laboratory	15.8	361	35.6	17.7	245	31.5
Cummins Engine	15.8	362	-10.9	16.2	337	36.1
Schering-Plough	15.8	362	25.8	13.7	501	38.6
Willamette Inds	15.8	364	29.2	19.5	182	29.9
Weis Markets	15.8	365	33.0	13.6	506	27.4
Universal Foods	15.7	366	-17.9	19.6	181	49.7
Westvaco	15.7	367	26.2	12.4	609	19.9
R H Macy	15.7	368	54.5	9.7	802	29.1
Knight-Ridder News	15.7	369	35.9	17.3	281	24.2
Dravo	15.6	370	14.3	15.6	373	22.0
Franklin Mint	15.6	370	8.5	24.1	83	-5.3
Giant Food	15.6	370	47.0	9.9	788	18.3
General Mills	15.6	373	22.6	16.2	337	30.0
Cal-Maine Foods	15.6	374	25.6	22.8	92	4.1
Marriott	15.6	374	65.5	18.7	210	36.1
Dibrell Brothers	15.6	376	24.4	13.2	537	45.9
Amer Medical Intl	15.6	377	68.8	23.3	86	50.6
Amer Hospital Supply	15.5	378	32.3	16.5	318	29.1
Shell Oil	15.5	379	23.9	16.5	322	29.0
Echlin Manufacturing	15.5	380	33.9	19.4	192	26.2
Lubrizol	15.5	381	39.0	16.2	334	34.2
Congoleum	15.4	382	133.2	7.6	981	39.6
Republic of Texas	15.4	382	13.6	20.0	173	77.5
Travelers	15.4	384	46.4	11.6	669	14.6
Seaboard Allied Milling	15.4	385	63.8	12.2	628	14.9
Lowe's Companies	15.3	386	3.4	18.6	213	25.0

*The average return may be for less than a 5-year period as footnoted in individual Yardstick tables.

†Latest 12 months. P-D Profit to deficit. D-P Deficit to profit.

Who's Where In Growth

Corresponding Annual Change in GNP Price Deflator: 7.1%

	Earnings Per Share			Sales		
Company	5-year* average	rank	79† vs 1976-78	5-year* average	rank	79† vs 1976-78
Perkin-Elmer	15.3%	386	97.9%	17.7%	251	76.3%
Yellow Freight System	15.3	388	−28.3	18.4	224	30.0
Marsh & McLennan Cos	15.3	389	39.5	15.2	390	25.4
A-T-O	15.3	390	33.6	7.4	911	17.4
Kerr-McGee	15.2	391	28.8	20.7	152	19.7
Georgia-Pacific	15.2	392	25.7	15.9	355	35.3
Circle K	15.2	393	107.6	20.5	156	56.0
Ideal Basic Inds	15.1	394	33.5	11.5	679	21.9
Stop & Shop	15.1	395	20.2	10.0	784	13.3
Texas Instruments	15.1	396	41.0	14.6	431	46.3
A C Nielsen	15.1	397	25.3	16.5	318	44.8
Allen Group	15.0	398	41.9	11.8	652	17.8
Campbell Taggart	15.0	399	18.1	13.9	481	23.1
Nash Finch	15.0	399	28.6	16.8	301	25.4
Wells Fargo	15.0	401	35.2	15.0	401	59.7
Norton	15.0	402	66.0	14.1	467	34.5
Butler Manufacturing	15.0	403	32.7	12.2	625	20.1
U S Bancorp	14.9	404	30.3	14.5	438	40.1
Gt Northern Nekoosa	14.9	405	40.5	14.3	454	22.7
Gould	14.9	406	0.0	24.4	80	26.2
Pillsbury	14.9	406	36.7	15.8	360	55.0
Braniff Intl	14.8	408	−52.1	16.3	330	54.9
Sperry	14.8	409	31.2	10.3	766	19.8
Texas Commerce Bshs	14.8	410	36.0	27.5	61	74.9
United States Gypsum	14.8	411	94.4	12.2	625	26.6
FMC	14.7	412	31.7	10.1	782	32.5
Johnson & Johnson	14.7	412	32.6	16.8	302	35.9
CPC International	14.7	414	32.4	11.2	703	22.3
BankAmerica Corp	14.7	415	37.7	17.5	267	51.3
Intl Flavors & Frag	14.7	415	31.5	16.1	346	26.9
McCormick & Co	14.6	417	18.8	16.1	341	22.4
U S Home	14.6	418	117.2	17.3	278	64.4
Kroger	14.6	419	57.8	11.5	684	27.4
Republic Natl Life	14.6	420	38.5	3.6	1003	16.6
United Refining	14.5	421	183.9	24.1	82	30.5
Standard Oil Indiana	14.4	422	41.2	18.1	235	27.4
Flickinger	14.4	423	19.0	17.3	282	11.1
Continental Corp	14.3	424	32.3	11.0	714	17.7
West Point-Pepperell	14.3	425	−5.1	12.4	603	25.8
General Foods	14.2	426	39.5	12.7	579	8.7
Upjohn	14.1	427	45.1	15.9	352	25.2
Ford Motor	14.1	428	4.1	12.7	586	22.7
Eastern Gas & Fuel	14.1	429	32.5	14.5	446	23.0
Dayco	14.1	430	36.4	9.6	810	27.7
Bristol-Myers	14.0	431	24.0	12.4	606	21.1
Jim Walter	14.0	432	23.6	10.4	763	31.2
Transway Intl	13.9	433	30.4	8.9	841	20.5
Harnischfeger	13.9	434	P-D	19.9	176	19.0
Stone Container	13.9	435	39.8	13.5	513	16.3
IBM	13.9	436	11.4	13.5	510	21.4
Northwest Energy	13.9	437	57.6	30.2	58	34.9
Dennison Mfg	13.8	438	29.0	13.2	532	23.3
Becton, Dickinson	13.8	439	21.5	15.1	399	35.9
Combustion Engineering	13.8	439	33.7	12.3	622	25.7
Toro	13.8	441	149.4	19.2	198	124.1
Kings Dept Stores	13.8	442	4.6	12.2	631	23.5
CBI Industries	13.7	443	1.8	8.6	861	−4.1
Ryan Homes	13.7	444	37.5	16.5	318	55.5
Eagle-Picher Inds	13.7	445	20.4	10.9	724	25.6
So Natural Resources	13.7	446	18.7	17.5	270	60.2
Carnation	13.7	447	19.5	11.8	652	17.1
May Dept Stores	13.7	447	18.3	10.5	752	16.9
Parker-Hannifin	13.6	449	41.3	16.1	343	66.5
Alcan Aluminium	13.6	450	105.1	13.2	533	36.8
Godfrey	13.6	451	40.8	12.4	604	22.3
National Distillers	13.6%	451	19.9%	6.9%	931	26.2%
A O Smith	13.6	453	37.6	6.4	949	19.0
Marathon Oil	13.6	454	50.2	20.4	158	41.4
Michigan National	13.6	456	24.2	14.0	472	40.7
Santa Fe Industries	13.6	455	31.7	11.8	655	30.5
Pullman	13.5	457	36.7	20.8	145	36.4
Fruehauf	13.4	458	39.6	20.9	142	34.5
First Intl Bshs	13.4	459	31.7	22.6	96	66.3
Warner & Swasey	13.4	460	124.9	8.3	877	10.1
United States Shoe	13.4	461	19.5	11.6	672	37.9
Easco	13.3	462	−2.5	14.3	456	22.9
TRW	13.3	462	27.2	12.4	613	32.2
Dow Jones	13.2	464	33.5	14.7	425	32.1
Central Louisiana Engy	13.2	465	71.5	34.1	36	103.7
R R Donnelley & Sons	13.2	466	25.4	13.0	550	33.1
Celanese	13.2	467	77.2	10.7	737	28.4
Republic Finl Svcs	13.1	468	41.2	17.5	263	33.7
Martin Marietta	13.1	469	60.6	7.0	926	35.9
Ralston Purina	13.1	470	−9.6	12.2	623	23.1
Hanna Mining	13.1	471	29.5	10.8	728	20.0
Maryland Cup	13.1	471	8.6	15.6	370	25.8
Westinghouse Electric	13.1	471	18.0	4.5	986	12.0
Rollins Inc	13.1	474	23.7	12.6	589	37.5
Monsanto	12.0	475	16.5	13.6	509	28.6
Intl Multifoods	13.0	476	9.7	8.0	891	14.7
Occidental Petroleum	13.0	477	186.4	13.5	516	41.3
Borg-Warner	13.0	478	38.3	8.9	850	26.7
Merck	13.0	478	30.9	12.9	562	27.7
First City Bancorp	12.9	480	32.5	23.1	89	66.6
Combined Insurance	12.9	481	27.7	12.5	599	24.5
Bemis	12.9	482	82.9	6.4	947	2.5
Emerson Electric	12.9	482	35.7	17.6	255	42.8
Sheller-Globe	12.8	484	−29.7	17.5	263	22.0
Hannaford Bros	12.8	485	−1.2	14.5	444	20.8
Stanley Works	12.8	486	48.9	11.0	714	31.0
Citicorp	12.7	487	21.3	19.3	195	64.3
Clark Oil & Refining	12.7	487	190.9	19.1	199	30.2
DeSoto	12.7	489	−29.5	4.9	981	0.9
Southern Railway	12.7	489	45.1	9.2	827	23.1
NVF	12.7	491	164.6	6.5	962	27.3
Sav-On-Drugs	12.7	491	39.0	14.1	467	31.3
Seafirst	12.6	493	32.8	15.7	363	62.8
Western Air Lines	12.6	494	25.1	13.4	520	27.0
Black & Decker	12.5	495	75.8	17.5	269	43.5
General Motors	12.5	495	6.9	13.2	535	23.3
Continental Illinois	12.5	497	21.2	17.2	288	72.8
Mercantile Stores	12.5	498	23.9	12.2	633	26.4
Koehring	12.5	499	41.0	5.1	974	25.9
Cabot	12.4	500	83.9	17.0	295	92.5
Jefferson-Pilot	12.4	501	26.4	10.1	780	20.0
Security Pacific	12.4	502	43.7	15.0	406	57.4
Witco Chemical	12.4	503	55.4	14.6	433	40.9
Consolidated Edison	12.4	504	−1.0	12.8	574	7.1
W R Grace	12.3	505	17.0	10.2	774	26.0
Lucky Stores	12.3	506	47.6	14.9	411	34.4
Capital Holding Corp	12.3	507	21.0	8.6	862	11.2
National Gypsum	12.3	507	91.1	8.6	865	31.2
American Home Products	12.3	509	24.1	11.1	710	21.2
Kraft	12.3	510	30.2	9.7	803	18.1
Kaiser Steel	12.2	511	175.8	8.8	853	28.8
Winn-Dixie Stores	12.2	511	31.5	15.7	366	28.1
Fleming Companies	12.2	513	10.9	17.0	297	19.9
PPG Industries	12.2	514	27.8	12.3	619	20.2
Sun Company	12.2	514	41.7	23.7	94	47.3
Ethyl	12.2	516	20.8	13.2	534	25.4

*The average return may be for less than a 5-year period as footnoted in individual Yardsticks tables.

†Latest 12 months.

Who's Where In Growth

Corresponding Annual Change in GNP Price Deflator: 7.1%

	Earnings Per Share			Sales		
Company	5-year* average	rank	79† vs 1976-78	5-year* average	rank	79† vs 1976-78
Eli Lilly	12.1%	517	35.8%	13.9%	479	36.2%
Motorola	12.1	518	38.8	10.8	733	39.2
Corning Glass Works	12.1	519	35.5	8.0	890	23.6
Stanadyne	12.1	520	38.0	11.7	664	39.8
Wm Wrigley Jr	12.1	520	21.5	13.7	500	21.6
Continental Group	12.0	522	5.9	9.1	836	15.9
Dorsey	11.9	523	86.6	18.1	235	53.7
Borden	11.9	524	8.7	8.8	851	17.2
Heublein	11.9	525	25.8	12.8	577	10.9
Flintkote	11.8	526	142.5	7.4	908	36.5
USLIFE	11.8	526	31.4	12.2	633	34.6
Coca-Cola	11.8	528	24.0	13.5	518	31.3
Purex Industries	11.8	528	17.3	7.2	921	26.7
Brown-Forman Dist	11.8	530	78.6	10.2	775	46.0
Dean Witter Reynolds	11.8	531	–51.5	18.5	220	83.0
Amer Maize-Products	11.7	532	3.2	12.9	565	23.6
Castle & Cooke	11.7	532	–4.6	13.0	559	40.8
Walgreen	11.7	534	66.5	6.7	938	12.5
Chesebrough-Pond's	11.7	535	29.8	17.4	274	34.3
Honeywell	11.6	536	61.6	7.4	911	34.3
McGraw-Edison	11.6	537	12.0	7.8	898	30.5
Minn Mining & Mfg	11.6	537	43.4	13.1	548	29.8
Panhandle Eastern	11.6	539	45.7	19.3	194	59.5
Lukens Steel	11.5	540	–34.9	8.8	856	19.9
Weyerhaeuser	11.5	541	63.1	13.1	543	31.7
Timken	11.5	542	37.1	15.0	407	27.0
Illinois Tool Works	11.5	543	54.3	12.5	595	29.7
Southwestern Life	11.5	544	20.8	5.8	957	10.9
Union Oil California	11.4	545	35.1	16.3	333	22.8
Northwest Bancorp	11.4	546	28.5	15.1	394	47.4
Envirotech	11.4	547	–57.0	19.5	182	18.2
H H Robertson	11.4	548	41.5	6.2	954	26.0
Howard Johnson	11.3	549	9.7	8.9	842	20.1
Valley Natl Bk Ariz	11.3	550	60.1	12.2	628	55.9
Longview Fibre	11.3	551	37.7	11.6	671	7.9
Del E Webb	11.3	551	–13.0	6.4	946	20.1
ACF Industries	11.3	553	29.5	13.2	531	34.2
Fedl Natl Mortgage	11.3	554	–3.2	14.4	448	37.5
Copperweld	11.2	555	49.1	12.7	584	36.2
Quaker Oats	11.2	555	47.9	13.9	478	32.3
Champion Intl	11.2	557	47.6	10.3	770	16.9
Procter & Gamble	11.2	558	30.2	15.3	385	33.0
General Electric	11.2	559	28.2	10.5	748	23.3
PennCorp Financial	11.2	560	65.8	15.6	371	50.4
NLT	11.2	561	15.6	8.9	846	24.7
George A Hormel	11.1	562	62.0	8.6	862	23.1
Dun & Bradstreet	11.0	563	41.4	11.3	698	34.3
Murphy Oil	11.0	564	74.7	19.6	184	32.3
Strawbridge & Clothier	11.0	564	12.8	9.3	821	21.1
J P Morgan & Co	11.0	566	28.2	15.9	352	60.9
Reeves Brothers	10.9	567	74.9	7.7	899	21.0
Beatrice Foods	10.9	568	12.6	16.6	314	25.9
Copeland	10.9	569	–42.8	8.6	865	19.4
Sunbeam	10.9	570	19.3	13.8	485	14.0
Nationwide Corp	10.9	571	23.8	11.0	716	19.1
Colgate-Palmolive	10.8	572	8.9	16.1	345	21.5
Consol Natural Gas	10.8	573	4.0	14.5	442	31.4
DETROITBANK Corp	10.8	574	34.5	12.1	640	48.0
City Investing	10.8	575	69.7	12.7	578	54.0
Clark Equipment	10.8	575	54.1	8.4	871	24.6
Cook United	10.8	575	67.7	–6.6	1031	6.1
Crocker Natl Corp	10.8	575	89.8	13.9	476	50.0
Square D	10.8	579	30.4	12.7	579	29.9
Owens-Illinois	10.8	580	28.9	10.7	736	20.3
Coastal States Gas	10.8	581	64.7	36.3	25	50.4

	Earnings Per Share			Sales		
Company	5-year* average	rank	79† vs 1976-78	5-year* average	rank	79† vs 1976-78
Pfizer	10.8%	581	26.1%	13.0%	552	26.2%
Kaufman & Broad	10.7	583	28.7	8.5	869	16.0
Scott & Fetzer	10.7	584	27.0	14.8	423	72.7
Whirlpool	10.7	584	7.1	5.3	972	16.8
Adolph Coors	10.7	586	12.2	12.4	618	20.6
Avon Products	10.7	587	23.6	11.5	678	35.2
Nabisco	10.7	587	15.5	10.6	739	11.4
Scott Paper	10.6	589	78.4	12.1	644	23.0
Manufacturers Hanover	10.6	590	20.8	17.7	249	61.3
St Regis Paper	10.6	590	30.0	12.7	583	23.7
Insilco	10.6	592	19.8	5.6	969	22.9
Delta Air Lines	10.6	593	18.9	16.3	329	42.9
Louisiana-Pacific	10.5	594	75.4	21.8	117	58.6
Northwest Airlines	10.5	594	21.7	13.7	500	30.2
Tecumseh Products	10.5	594	35.3	6.9	929	28.6
Polaroid	10.5	597	–47.7	13.6	504	24.8
Ark Louisiana Gas	10.5	598	28.1	13.0	555	46.0
Armco	10.4	599	63.3	12.1	645	33.5
IC Industries	10.4	600	12.3	17.7	254	75.2
Federated Dept Stores	10.4	601	5.1	12.6	587	16.1
Standard Oil Calif	10.4	602	68.9	20.8	144	27.7
Allegheny Corp	10.3	603	68.5	34.5	34	122.1
Western Bancorp	10.3	604	55.9	11.8	662	51.8
Tenneco	10.3	605	16.9	17.1	290	38.5
Wetterau	10.3	606	13.2	13.9	479	17.7
GK Technologies	10.2	607	207.2	9.1	833	80.3
Foremost-McKesson	10.1	608	48.3	8.1	885	15.8
Stewart-Warner	10.1	609	20.3	7.6	904	21.8
Suburban Propane Gas	10.0	610	60.6	20.8	146	38.1
National-Standard	10.0	611	19.7	11.2	705	27.6
Armstrong Rubber	10.0	612	–25.7	10.5	748	10.0
Genl Tire & Rubber	10.0	613	–14.3	11.0	719	9.2
McLouth Steel	9.9	614	776.4	12.0	646	32.6
Signode	9.9	615	32.4	12.3	621	30.4
Oscar Mayer	9.8	616	36.5	9.8	796	14.9
Wachovia Corp	9.8	616	29.7	10.5	748	44.6
Anchor Hocking	9.8	618	–1.9	13.4	525	13.6
Texas Eastern	9.8	618	32.4	18.6	214	42.2
Irving Bank Corp	9.8	620	37.8	10.9	725	59.0
Safeway Stores	9.8	620	30.6	12.9	567	16.3
Liberty Natl Life	9.8	622	17.3	9.7	806	17.5
Richardson-Merrell	9.8	623	41.5	13.2	535	33.0
Central Tel & Utils	9.8	624	17.6	14.1	462	42.0
Ferro	9.8	624	34.7	14.6	429	32.1
Macmillan	9.7	626	20.5	5.0	980	14.5
Moore Corp	9.7	627	36.8	15.4	377	24.8
VF Corp	9.6	628	35.4	8.8	855	13.8
Gifford-Hill	9.5	629	61.4	14.6	433	28.8
Chromalloy American	9.5	630	34.4	15.4	383	32.0
Campbell Soup	9.5	631	22.9	9.9	792	30.1
Lone Star Industries	9.5	632	80.6	10.6	745	–16.4
Texas Gas Transmn	9.5	632	19.6	14.6	430	45.6
Peoples Gas	9.5	634	10.9	19.9	174	55.7
Textron	9.5	635	20.3	10.4	759	18.6
Lincoln Natl Corp	9.4	636	26.5	12.7	579	23.7
First Bank System	9.4	637	35.8	13.4	529	50.8
INA	9.4	637	49.6	16.6	311	28.5
Mobil	9.4	639	71.4	22.1	108	32.7
Briggs & Stratton	9.3	640	46.3	12.4	611	57.7
United Telecom	9.3	641	17.9	13.2	538	35.8
Gerber Products	9.3	642	12.3	9.4	820	18.2
Standard Brands	9.2	643	17.0	11.3	700	20.3
Manufacturers National	9.2	644	28.9	12.0	647	51.9
Natl Detroit Corp	9.1	645	22.4	9.5	813	44.9
Union Carbide	9.1	646	31.4	14.0	469	25.2

*The average return may be for less than a 5-year period as footnoted in individual Yardsticks tables.

†Latest 12 months.

Who's Where In Growth

Corresponding Annual Change in GNP Price Deflator: 7.1%

	Earnings Per Share			Sales				Earnings Per Share			Sales		
Company	5-year* average	rank	79† vs 1976-78	5-year* average	rank	79† vs 1976-78	Company	5-year* average	rank	79† vs 1976-78	5-year* average	rank	79† vs 1976-78
R J Reynolds Inds	9.1%	647	24.1%	15.0%	402	30.6%	Houston Industries	7.2%	712	16.4%	24.7%	78	57.9%
General Tel & Elec	9.1	648	8.4	11.6	669	24.5	Peoples Drug Stores	7.2	712	34.2	9.2	829	17.0
Norton Simon	9.1	649	22.2	10.3	766	42.6	Northern Trust	7.1	714	7.8	11.3	694	54.2
F W Woolworth	9.1	649	44.4	11.4	687	17.8	Allegheny Ludlum Inds	7.1	715	348.4	10.6	740	40.9
Collins & Aikman	9.0	651	–0.6	10.6	742	11.8	St Louis-San Fran Ry	7.0	716	14.1	8.0	888	19.5
Xerox	9.0	652	29.5	15.5	376	28.8	Trans Union	7.0	717	1.9	19.5	185	9.2
Esmark	9.0	653	7.6	9.1	833	20.7	Ingersoll-Rand	7.0	718	20.9	16.6	311	16.9
Household Finance	9.0	653	30.1	12.4	604	26.8	Florida Power & Lt	6.9	719	13.4	18.5	220	28.3
Crown Zellerbach	9.0	655	35.1	12.9	564	17.1	Amerada Hess	6.9	720	151.5	18.8	209	33.1
Rose's Stores	9.0	656	9.2	10.4	754	5.5	Hobart	6.8	721	16.4	11.8	657	26.6
Interco	8.9	657	16.8	11.1	711	15.0	Zayre	6.8	722	9.2	7.5	907	16.8
Johns-Manville	8.9	657	9.7	13.4	523	42.6	Tiger International	6.8	723	28.3	18.8	208	54.8
St Joe Minerals	8.9	657	38.5	22.4	98	31.4	ARA Services	6.8	724	26.2	12.5	593	30.7
Talley Industries	8.9	657	–44.8	6.0	960	1.7	National Svc Inds	6.8	724	54.0	7.3	916	31.2
Atlanta Gas Light	8.9	661	–0.1	14.7	425	56.3	Gulf Oil	6.7	726	53.6	14.6	435	23.0
Host International	8.9	662	42.5	13.8	489	31.9	Magic Chef	6.7	727	23.9	12.8	576	67.5
Merrill Lynch & Co	8.9	663	29.4	14.4	453	48.1	Inland Steel	6.7	728	30.6	11.4	687	30.5
Cannon Mills	8.8	664	56.0	7.6	906	21.1	Warner-Lambert	6.7	729	–12.3	11.4	689	23.1
Pittsburgh National	8.8	665	33.3	13.0	554	57.1	Harcourt Brace Jovan	6.6	730	4.7	16.2	337	25.5
Springs Mills	8.7	666	101.4	9.0	840	18.2	Clorox	6.6	731	21.7	18.2	233	–38.3
Trane	8.7	667	12.7	11.5	679	25.7	Washington Natl Corp	6.6	732	34.0	20.2	160	21.3
American Brands	8.7	668	81.9	9.3	825	22.6	Southwest Forest Inds	6.5	733	58.6	12.4	613	22.4
Maytag	8.7	668	23.2	9.1	838	19.4	B F Goodrich	6.5	734	68.5	8.9	842	27.5
Squibb	8.7	668	5.6	10.5	753	25.8	BancOhio Corp	6.3	735	16.0	14.5	438	38.8
Fleetwood Enterprises	8.6	671	10.0	17.5	262	28.3	Armstrong Cork	6.3	736	29.7	10.0	784	19.8
Univar	8.6	671	122.3	14.4	452	13.7	New England G & E	6.3	736	18.1	14.1	466	7.5
McLean Trucking	8.6	673	-64.7	16.1	343	38.9	Harris Bankcorp	6.3	738	–6.7	12.5	599	53.6
Interlake	8.6	674	50.9	13.8	498	33.9	Wisconsin Elec Power	6.3	739	12.8	13.0	555	20.8
Garfinckel Brooks Bros	8.5	675	21.5	10.3	769	19.2	Anheuser-Busch Cos	6.2	740	38.7	13.6	507	42.7
Eaton	8.5	676	36.9	12.1	638	50.8	Quaker State Oil	6.2	740	39.9	20.8	142	38.6
American Greetings	8.4	677	19.7	11.3	692	23.8	Chemical New York	6.2	742	19.3	16.7	386	49.9
American Tel & Tel	8.4	678	14.9	11.5	673	19.4	Cities Service	6.2	742	15.0	16.5	323	31.4
Gino's	8.4	678	40.6	15.3	387	18.0	Zale	6.2	742	39.5	9.5	818	20.3
AmeriTrust Corp	8.4	680	16.0	12.5	602	39.4	Duke Power	6.2	745	15.2	17.3	276	16.1
Zapata	8.4	681	81.2	13.4	523	18.4	Libbey-Owens-Ford	6.1	746	6.3	10.8	730	21.6
Peavey	8.3	682	27.0	9.8	794	17.1	Sears, Roebuck	6.1	747	7.3	7.8	895	3.8
Pac Gamble Robinson	8.3	683	24.2	10.9	722	18.6	Di Giorgio	6.1	748	35.4	12.2	625	26.5
Southwestern Pub Svc	8.3	684	–10.9	21.5	129	27.4	Brockway Glass	6.1	749	–61.2	14.6	432	15.1
J C Penney	8.2	685	–11.2	11.3	690	16.7	Turner Construction	6.1	749	44.2	7.0	927	70.6
First Chicago Corp	8.2	686	8.6	15.0	404	50.7	Edward Hines Lumber	6.0	751	–30.1	12.7	579	23.9
Stokely-Van Camp	8.2	687	64.1	9.5	815	16.2	Laclede Gas	6.0	752	36.5	15.9	355	40.6
Tenneco Companies	8.1	688	0.7	13.5	517	68.3	Consumers Power	5.9	753	4.5	16.2	336	14.4
Hammermill Paper	8.1	689	36.9	12.4	611	28.5	Cyclops	5.9	754	84.5	9.3	825	35.5
Nashua	8.1	689	67.2	17.6	259	37.8	Dillard Dept Stores	5.9	754	6.8	19.3	193	32.3
Amstar	7.9	691	–20.6	9.8	798	5.4	Saga Corp	5.9	756	–80.0	20.0	172	40.1
Louisiana Land & Exp	7.9	692	48.7	22.3	103	59.6	Olympia Brewing	5.9	757	12.0	19.5	185	0.8
Tampa Electric	7.8	693	2.2	21.4	130	24.6	American Cyanamid	5.9	758	16.1	11.7	666	26.8
Gulf Resources & Chem	7.7	694	16.7	18.8	207	33.0	Bunker-Ramo	5.8	759	107.5	6.0	962	22.3
Avery International	7.7	695	51.9	16.0	349	27.9	Florida Power	5.8	759	–9.8	22.3	184	23.7
Eastman Kodak	7.7	695	41.7	11.8	661	26.4	Carter Hawley Hale	5.8	761	12.0	13.6	505	36.7
Gray Drug Stores	7.7	697	–35.8	10.4	763	28.9	Seagram	5.7	762	24.7	6.4	947	17.8
Mellon National Corp	7.7	698	29.1	9.9	787	46.5	NCNB	5.6	763	64.6	11.1	711	56.1
Minnesota Gas	7.6	699	48.5	21.6	128	37.9	Republic Steel	5.5	764	106.7	10.7	738	32.3
BanCal Tri-State	7.5	700	14.7	7.1	924	28.1	Brown Group	5.5	765	40.6	9.6	808	19.3
E I du Pont	7.5	700	60.6	12.5	598	27.7	Fischbach & Moore	5.5	765	14.2	10.4	755	20.4
Southern Union	7.5	700	44.1	31.2	46	34.7	Arizona Public Service	5.4	767	–4.9	19.8	177	31.3
Sybron	7.5	700	–9.6	9.3	822	17.1	Diamond Intl	5.4	767	25.7	9.7	809	25.8
Rockwell Intl	7.5	704	71.5	13.8	485	10.8	So New England Tel	5.4	769	12.2	10.4	765	22.1
NICOR	7.4	705	20.2	20.7	150	36.7	New England Electric	5.3	770	25.5	12.5	592	13.7
Public Service Indiana	7.4	706	22.1	16.4	328	33.2	Pacific Lighting	5.3	770	38.9	13.4	528	36.8
Exxon	7.3	707	46.3	17.3	278	31.8	McDonnell Douglas	5.3	772	43.4	8.6	864	36.8
Freeport Minerals	7.3	707	188.6	14.4	450	42.4	Southern Calif Edison	5.2	773	23.2	15.6	375	18.6
New York Times	7.3	709	24.1	8.8	853	21.0	Sterling Drug	5.2	774	23.7	10.4	759	20.9
Levitz Furniture	7.2	710	70.2	9.9	791	22.9	Revere Copper	5.2	775	135.9	7.3	917	30.4
Wisconsin Public Svc	7.2	711	18.4	17.4	275	23.2	National Can	5.2	776	126.3	13.4	520	14.7

*The average return may be for less than a 5-year period as footnoted in individual Yardsticks tables.

†Latest 12 months.

Who's Where In Growth

Corresponding Annual Change in GNP Price Deflator: 7.1%

	Earnings Per Share			Sales				Earnings Per Share			Sales		
Company	5-year* average	rank	79† vs 1976-78	5-year* average	rank	79† vs 1976-78	Company	5-year* average	rank	79† vs 1976-78	5-year* average	rank	79† vs 1976-78
NL Industries	5.2%	777	29.6%	7.1%	922	33.5%	Purolator	2.8%	842	55.4%	10.7%	734	26.0%
Oxford Industries	5.1	778	5.6	7.8	894	14.7	Phillips-Van Heusen	2.7	843	126.7	2.8	1008	8.6
AMAX	5.1	779	156.8	9.5	812	83.7	Chase Manhattan Corp	2.6	844	91.9	14.4	450	56.6
A H Robins	5.0	780	–5.9	13.0	560	18.5	Royal Crown Cos	2.5	845	–49.7	14.9	414	21.5
Brooklyn Union Gas	5.0	781	29.1	16.7	305	26.4	Equifax	2.4	846	8.0	7.2	918	19.0
Wisconsin Gas	5.0	782	23.4	16.0	351	28.5	Brunswick	2.4	847	5.8	10.7	735	23.1
Walter E Heller Intl	4.9	783	21.7	11.6	668	42.8	Cleveland Elec Illum	2.3	848	–5.5	15.1	393	25.0
Am Natural Resources	4.9	784	–23.4	18.5	223	44.0	Consolidated Foods	2.3	848	22.9	12.3	620	62.2
ENSERCH	4.8	785	13.2	33.0	39	43.8	Public Svc Elec & Gas	2.2	850	5.4	14.5	438	15.6
Bank of New York	4.8	786	31.3	12.5	599	74.9	Frederick & Herrud	2.1	851	61.8	23.2	88	38.3
Browning-Ferris Inds	4.7	787	43.7	10.6	742	35.2	Kuhn's-Big K Stores	2.1	852	–58.6	21.2	132	12.3
Gulf United	4.7	788	31.7	12.2	633	31.4	Utah Power & Light	2.1	853	–2.8	23.3	86	52.5
Jewel Companies	4.6	789	36.6	9.6	807	12.6	Knudsen	2.0	854	135.6	13.1	543	28.2
Carolina Pwr & Lt	4.6	790	8.6	20.1	166	12.9	Pay Less Drug (Cal)	2.0	855	10.9	12.5	598	6.6
Champion Spark Plug	4.6	790	13.2	10.5	746	34.8	Middle South Utils	2.0	856	11.0	17.7	247	22.5
Monfort of Colorado	4.6	792	P-D	10.6	740	55.4	Allegheny Power	1.9	857	0.7	17.2	285	22.5
Central & South West	4.5	793	14.0	19.7	180	20.9	Baltimore Gas & Elec	1.9	858	12.5	13.5	515	21.2
NN Corp	4.4	794	41.5	13.3	530	35.4	Kansas City Pwr & Lt	1.9	859	0.3	14.2	461	29.5
National Fuel Gas	4.4	795	22.4	16.8	302	27.5	First Wisconsin Corp	1.9	860	51.5	8.9	846	41.5
CIT Financial	4.3	796	70.7	6.9	932	19.6	Intl Tel & Tel	1.9	860	–31.2	9.3	822	24.0
Pa Power & Light	4.3	797	13.5	15.3	384	17.5	Cincinnati G & E	1.8	862	11.6	14.9	417	19.7
Hercules	4.3	798	88.0	11.3	696	29.2	Northwestern Steel	1.8	863	91.0	10.2	776	65.7
No States Power	4.2	799	15.0	14.5	438	15.6	Potomac Elec Power	1.6	864	–3.8	15.9	357	14.1
Texas Utilities	4.2	800	4.1	18.5	219	25.9	Pacific Gas & Elec	1.3	865	23.6	18.0	243	26.3
Rochester Gas & Elec	4.2	801	–1.4	11.2	706	8.9	Goodyear	1.2	866	–10.7	10.0	783	23.5
Girard	4.1	802	72.3	9.6	819	39.5	Burlington Inds	1.2	867	–13.2	3.7	1001	13.2
Wisconsin Pwr & Lt	4.1	802	13.5	17.1	293	25.7	Bankers Trust NY	1.2	868	60.5	12.1	637	53.8
Alexander's	4.1	804	–3.2	5.4	971	12.0	Fuqua Industries	1.1	869	132.1	20.0	169	112.5
Beneficial Corp	4.0	805	15.4	6.7	935	20.6	Illinois Power	1.1	870	1.1	15.6	371	28.1
Holiday Inns	4.0	805	–1.6	6.0	961	6.9	Central Ill Pub Svc	1.0	871	25.1	17.6	257	23.5
Thrifty Corp	4.0	805	55.4	12.2	633	24.4	Williams Companies	1.0	871	–10.9	16.5	323	38.8
Masonite	4.0	808	71.4	11.2	707	19.6	Graniteville	1.0	873	–87.9	11.0	718	–0.4
Philadelphia Natl	4.0	809	38.2	11.9	650	42.8	Western Union	0.9	874	P-D	7.6	903	14.9
Columbia Gas System	3.9	810	11.4	15.3	385	25.9	Kentucky Utilities	0.9	875	29.0	18.6	214	23.6
Southern Pacific	3.8	811	53.5	7.6	905	21.2	Amfac	0.8	876	125.0	12.4	613	22.0
Hart Schaffner & Marx	3.8	812	26.5	5.8	964	8.9	Toledo Edison	0.7	877	–0.7	18.6	216	28.0
Indianapolis Pwr & Lt	3.8	812	31.1	15.4	377	41.2	Gulf States Utils	0.7	878	–1.4	17.6	258	39.2
Columbus & So Ohio	3.8	814	–8.1	18.0	240	25.0	Louisville Gas & Elec	0.7	878	–9.4	13.1	542	27.6
N Y State Elec & Gas	3.7	815	13.5	13.9	477	21.7	Texasgulf	0.6	880	86.3	10.8	730	41.8
Alterman Foods	3.6	816	105.2	13.0	552	37.7	Associated Dry Goods	0.6	881	9.2	7.8	895	13.3
Gas Service	3.6	817	45.2	13.8	491	26.5	General Public Utils	0.5	882	–18.6	14.7	424	17.9
Long Island Lighting	3.6	818	–2.3	14.9	415	21.3	Morton-Norwich	0.5	883	126.3	10.2	778	23.7
Seaboard Coast Line	3.6	819	38.9	10.9	726	21.3	Coca-Cola Bottling NY	0.5	884	0.0	12.8	571	48.2
American Petrofina	3.6	820	120.0	21.0	139	31.4	Commonwealth Edison	0.4	885	–4.2	13.5	510	24.1
Central Soya	3.5	821	29.2	14.2	460	18.2	Chic Pneumatic Tool	–0.1	886	110.8	10.8	729	36.4
Hiram Walker	3.5	821	54.0	3.9	998	22.1	Northeast Utilities	–0.1	887	1.2	10.2	772	15.6
CFS Continental	3.5	823	57.3	20.2	160	28.4	Gamble-Skogmo	–0.1	888	37.8	5.1	976	17.9
Federal Paper Board	3.5	824	–58.9	10.5	751	3.5	Fairmont Foods	–0.3	889	10.3	6.7	935	5.0
Niagara Mohawk Power	3.4	825	16.2	13.1	540	19.1	Oklahoma Gas & Elec	–0.3	889	–34.5	19.3	196	22.6
United States Steel	3.4	826	33.3	10.0	786	31.8	Detroit Edison	–0.3	891	9.0	15.4	380	17.7
Kansas Power & Light	3.4	827	–1.3	18.3	228	21.6	American Elec Power	–0.3	892	–8.5	18.5	222	29.0
Pacific Pwr & Lt	3.3	828	–0.1	19.9	175	47.1	Hoover Co	–0.4	893	120.9	7.4	913	22.1
Liggett Group	3.3	829	87.5	4.6	985	13.7	Outboard Marine	–0.5	894	–36.4	9.5	816	16.1
Lane Bryant	3.2	830	–2.3	4.6	984	10.3	Commercial Metals	–0.5	895	420.1	15.2	392	95.2
Reichhold Chemicals	3.2	830	–43.4	19.0	201	25.2	Delmarva Power & Lt	–0.5	896	11.4	14.8	422	22.5
Greyhound	3.1	832	50.3	6.1	959	17.2	Va Electric & Power	–0.5	897	–8.9	20.5	155	20.2
Wickes	3.1	833	39.8	12.8	574	32.7	Tappan	–0.5	898	251.5	6.1	958	5.0
Continental Tel	3.0	834	18.0	9.8	795	41.3	National Steel	–0.6	899	65.1	12.0	647	33.7
First Natl Boston	3.0	835	56.0	14.6	435	64.1	G D Searle	–0.6	900	133.2	17.4	271	18.9
Amerace	3.0	836	32.3	7.2	920	19.6	Chic & North Western	–0.6	901	P-D	9.1	839	22.2
Robertshaw Controls	2.9	837	9.0	9.4	819	16.4	Saxon Industries	–0.7	902	43.4	8.9	848	22.1
Union Electric	2.9	837	–4.7	15.0	402	17.9	Southern Company	–0.7	903	–19.7	19.7	179	16.7
Gillette	2.9	839	31.2	12.1	642	19.9	Philips Industries	–0.7	904	39.4	4.4	992	9.2
Allied Chemical	2.8	840	P-D	13.6	587	32.2	San Diego Gas & Elec	–0.7	905	–24.5	20.5	157	34.1
So Carolina E & G	2.8	841	–14.4	17.2	287	22.7	Marshall Field	–0.8	906	12.2	7.6	902	32.0

*The average return may be for less than a 5-year period as footnoted in individual Yardsticks tables.

†Latest 12 months. P-D Profit to deficit.

Who's Where In Growth

Corresponding Annual Change in GNP Price Deflator: 7.1%

	Earnings Per Share			Sales		
Company	5-year* average	rank	79† vs 1976-78	5-year* average	rank	79† vs 1976-78
Phila Electric	–0.8%	907	1.9%	13.4%	526	9.8%
No Indiana Pub Svc	–0.9	908	–7.6	17.3	282	41.5
Dayton Power & Light	–1.0	909	6.2	15.2	389	22.7
Southeast Banking	–1.0	910	82.9	17.3	277	39.7
Washington Gas Light	–1.0	911	–44.0	13.4	526	9.6
Alexander & Baldwin	–1.1	912	35.8	8.2	883	3.3
Ohio Edison	–1.3	913	–11.7	16.3	331	26.1
Public Service Colo	–1.4	914	–19.1	18.0	242	39.8
Kane-Miller	–1.6	915	–80.0	11.3	693	–24.7
Sperry & Hutchinson	–1.7	916	28.0	4.0	997	17.4
AMF	–1.8	917	19.1	7.2	919	15.6
Texaco	–2.0	918	67.0	20.0	171	26.1
Pabst Brewing	–2.2	919	–50.0	10.1	780	4.8
El Paso Company	–2.3	920	164.0	11.8	652	63.7
GATX	–2.4	921	132.5	9.5	817	41.1
Mohasco	–2.6	922	–44.9	8.7	858	10.2
Portland Genl Elec	–2.6	923	–9.9	17.4	272	28.8
Kellwood	–2.7	924	P-D	8.3	874	14.1
Fisher Foods	–2.8	925	P-D	15.1	395	–7.4
Boston Edison	–2.8	926	36.0	13.8	482	13.3
Dynalectron	–3.1	927	–11.8	20.6	153	25.9
G C Murphy	–3.5	928	–25.4	8.3	875	13.2
Rohm & Haas	–3.7	929	211.1	12.1	640	32.2
Central Illinois Lt	–3.8	930	35.0	19.4	190	30.3
Duquesne Light	–4.2	931	–9.8	16.7	307	23.0
Avondale Mills	–4.6	932	–54.8	8.2	883	9.2
Scovill	–4.8	933	13.7	4.4	990	34.4
Wylain	–4.8	934	7.4	12.9	562	20.7
J Weingarten	–5.0	935	124.2	9.6	809	19.1
Questor	–6.1	936	3.3	6.2	956	2.7
Ceco	–6.5	937	235.3	5.3	973	39.1
Allied Van Lines	–7.3	938	P-D	10.2	778	23.3
Newmont Mining	–7.5	939	375.6	14.0	469	30.4
Keystone Consolidated	–7.6	940	P-D	8.4	872	22.4
ASARCO	–7.6	941	928.6	5.1	975	42.4
Skyline	–7.8	942	4.7	1.5	1015	31.0
U S Industries	–8.3	943	52.9	–2.0	1022	–3.0
Jonathan Logan	–8.4	944	–47.6	4.1	996	7.0
Sambo's Restaurants	–8.6	945	P-D	31.7	45	20.6
Inco Ltd	–8.9	946	–47.8	12.4	609	12.2
Pamida	–9.1	947	P-D	16.6	315	12.1
Zenith Radio	–9.3	948	12.5	4.5	988	5.8
IU International	–9.3	949	–80.0	11.8	659	23.3
Ramada Inns	–9.4	950	54.8	14.6	435	21.6
First Penna Corp	–9.7	951	–21.9	11.3	695	50.5
Tesoro Petroleum	–10.2	952	D-P	40.2	15	105.9
American Motors	–10.8	953	D-P	10.9	722	31.0
GAF	–10.9	954	D-P	6.2	955	13.9
Bethlehem Steel	–11.3	955	D-P	9.2	828	25.5
Sherwin-Williams	–12.5	956	145.6	9.8	796	14.3
Jos Schlitz Brewing	–12.5	957	P-D	8.4	870	–6.2
Fed-Mart	–12.7	958	P-D	19.4	188	71.4
AM International	–12.8	959	–72.6	6.8	933	26.6
Marine Midland Banks	–12.9	960	83.8	6.3	952	54.4
Shopwell	–13.6	961	114.8	8.1	887	25.1
Akzona	–14.6	962	116.8	6.9	930	19.9
Citizens & Southern NB	–15.0	963	231.1	7.8	895	27.3
National Airlines	–15.1	964	P-D	7.7	900	38.4
Culbro	–15.2	965	P-D	7.9	892	6.3
First Natl Supermkts	–15.9	966	–17.8	43.2	11	109.6
Phelps Dodge	–16.3	967	179.8	3.0	1006	25.0
Wheeling-Pitts Steel	–18.0	968	D-P	8.2	881	23.0
Munford	–19.8	969	586.7	11.9	651	–9.9
Uniroyal	–20.7	970	P-D	5.9	963	7.1
General Refractories	–22.0	971	D-P	12.1	639	32.8
Allied Products	–22.2%	972	524.2%	4.9%	982	14.8%
Vornado	–22.4	973	204.7	0.6	1017	–20.3
Firestone	–26.2	974	P-D	9.2	831	19.6
Fidelcor	–26.7	975	P-D	7.4	909	15.1
Kennecott Copper	–27.0	976	90.8	8.2	879	83.6
Goldblatt Brothers	–47.0	977	P-D	3.8	1000	5.4
Warnaco	–63.4	978	D-P	7.1	925	13.4
Bell & Howell	P-D	979	P-D	5.8	964	10.4
Champion Home	P-D	979	D-D	3.6	1002	–12.5
Chrysler	P-D	979	P-D	8.2	882	–15.5
Commonwealth Oil Rfg	P-D	979	D-P	15.8	362	15.0
Fedders	P-D	979	D-D	–4.2	1027	–30.8
GEICO	P-D	979	223.1	6.7	939	17.5
General Host	P-D	979	D-P	4.4	989	15.7
Intl Foodservice	P-D	979	D-D	5.8	968	–5.7
M Lowenstein	P-D	979	–64.8	2.9	1007	10.9
Massey-Ferguson	P-D	979	D-D	16.9	299	7.1
National Kinney	P-D	979	D-D	–3.6	1025	14.9
Penn-Dixie Inds	P-D	979	D-P	3.8	999	25.4
Pueblo International	P-D	979	D-P	–3.8	1026	–20.3
Rath Packing	P-D	979	D-D	2.5	1011	–12.4
Rohr Industries	P-D	979	D-P	1.7	1014	17.7
Scot Lad Foods	P-D	979	D-P	6.5	941	3.0
Singer	P-D	979	P-D	–0.1	1018	12.1
United Merch & Mfrs	P-D	979	D-P	–0.9	1020	–11.1
White Motor	P-D	979	115.1	3.1	1005	0.4
Allied Supermarkets	D-D	998	D-D	–3.1	1024	–29.0
Arden Group	D-D	998	D-P	–5.7	1029	5.1
Chicago Rock Island	D-D	998	D-D	2.2	1013	–3.4
City Stores	D-D	998	D-D	–1.4	1021	–6.0
Genesco	D-D	998	D-P	–4.4	1028	–12.1
Great Atl & Pac Tea	D-D	998	D-D	2.7	1009	–2.7
National Tea	D-D	998	D-P	–6.3	1030	18.9
Seatrain Lines	D-D	998	P-D	17.3	284	82.0
Ward Foods	D-D	998	D-P	–2.9	1023	–6.2
American Airlines	D-P		2.8	11.5	679	30.9
American Bakeries	D-P		–28.7	6.7	934	9.7
American Standard	D-P		57.8	4.5	987	25.2
Ampex	D-P		120.7	1.2	1016	43.4
Avco	D-P		8.6	5.5	970	22.0
Bangor Punta	D-P		55.6	11.6	667	56.9
Boise Cascade	D-P		56.1	8.3	876	22.8
Borman's	D-P		91.9	10.3	766	23.0
CNA Financial	D-P		110.9	6.4	949	16.9
Columbia Pictures	D-P		–1.8	13.5	514	41.5
Computer Sciences	D-P		31.3	16.4	326	37.1
Eastern Air Lines	D-P		–31.6	12.1	642	30.2
Foodarama Supermkts	D-P		–21.0	4.1	995	11.7
Grumman	D-P		–43.8	9.2	832	–6.8
Hartfield-Zodys	D-P		74.2	5.0	978	28.1
Lockheed	D-P		–40.7	4.7	983	20.7
LTV	D-P		D-P	6.2	957	54.2
Mattel	D-P		8.5	7.3	915	33.0
Memorex	D-P		3.3	27.1	65	52.8
Pan Am World Airways	D-P		–19.6	8.3	877	24.0
Subaru of America	D-P		95.8	44.5	10	89.9
Todd Shipyards	D-P		339.6	12.8	572	60.1
Trans World	D-P		–55.3	15.7	369	24.5
Twentieth Century-Fox	D-P		27.7	17.1	293	29.7
United Brands	D-P		118.7	9.1	835	43.6
Amdahl	**		–1.6	**		56.9
DPF	**		**	**		**
Food Fair	**		**	**		**
Toys "R" Us	**		**	**		**

*The average return may be for less than a 5-year period as footnoted in individual Yardsticks tables.

†Latest 12 months. P—D Profit to deficit. D-P Deficit to profit; not ranked. D-D Deficit to deficit. **Not available; not ranked.

Happiness is a five-year data base that starts in a bear market. If you'd bought these stocks, you'd have made money on nine out of ten.

Who's Where in the Stock Market

LAST YEAR THE FORBES STOCK MARKET REPORT showed you would have lost money in one out of every three of the 1,004 stocks ranked if you'd bought them late in 1973 and held them for five years. This year you'd have *made* money on nine out of ten of the 1,031 stocks ranked below. That's what happens when you start in the bear market of 1974 instead of the bull market of 1973. What does it all prove? That it's better to buy at the bottom of the market than at the top. If that's not very useful advice, there is this consolation: The figures do tend to prove that stocks aren't *always* a poor investment. Taken from the low point of late 1974, seven out of ten of these stocks equaled or exceeded the 45% increase in the cost of living over the five-year period. Nearly half doubled, one out of four tripled and about 16%—or 169 companies—quadrupled or did even better. Sometimes much better.

The big winners included familiar names from the old glamour days, like Litton Industries, Columbia Pictures and Teledyne. There are some new faces, too, like Savin, Wang Laboratories, Bally Industries and Subaru of America.

Note: The biggest winners were not the biggest companies: Among the 250 best performers there's not one with a market value of more than $3 billion; and the biggest U.S. company in market value, $36.7 billion AT&T, ranks 852nd in market performance.

The losers? Steel companies, utilities, rubber companies, four big breweries—Anheuser-Busch, Pabst, Schlitz and Coors—plus some nonrenascent former glamour stocks like Kerr-McGee, LTV and Eastman Kodak (which lost more than $2 billion in market value over the five-year period).

Overall—again, if you had bought all 1,035 and held them all, winners and losers—the average increase would have been 175%. Compare this "index" of big public companies to the Dow Jones industrial average. From the last trading day of 1974 through the day before Thanksgiving, 1979—the measuring period of the FORBES Stock Market Report—the DJI's 30 blue-chips increased in value by only 31%. Further evidence that the DJI is no longer "the market," if it ever was: The Wilshire 5,000, which is neither an average nor an index but the total market value of 5,000 stocks, increased from $567.7 billion to $1.02 trillion over the same period—or 79%, more than twice as much as the Dow. The stock market, in short, has not been as dead as some people would have you believe. ■

Who's Where in the Stock Market

Five-Year Change in Consumer Price Index: 45.0%

Rank 79	Rank 78	Company	5-year price change	1975-79 price range	recent price	shares outstanding (millions)	total market value (millions)	latest 12-month earnings per share	price/ earnings ratio	indicated annual dividend	current yield
1	7	Best Products	2,542.9%	34⅛– ⅞	23⅛	9.7	$223	$3.05	8	$0.24	1.0%
2	1	Service Merchandise	2,125.7	23½– ⅝	12⅝	12.7	157	1.77	7	0.14	1.1
3	*	Wang Laboratories	2,022.6	30⅝– 1⅛	28⅛	25.2	708	1.27	22	0.06	0.2
4	24	Humana	1,812.3	36⅞– 1⅞	34	13.8	471	2.63	13	0.75	2.2
5	2	Farm House Foods	1,721.2	6⅞– 1½	5½	3.8	21	1.05	5	none	0.0
6	8	Teledyne	1,571.7	154½– 7⅛	131⅝	13.8	1,808	27.15	5	none	0.0
7	*	Savin	1,457.1	25 – ⅞	13¾	6.4	87	5.25	3	0.70	5.1
8	*	Bally Manufacturing	1,431.1	48⅝– 2⅛	33½	25.2	843	1.46	23	0.10	0.3
9	181	Marathon Mfg	1,417.9	44⅛– 2⅞	42½	7.1	308	4.70	9	0.80	1.9
10	3	Memorex	1,216.7	60⅛– 1½	19⅝	7.0	139	5.26	4	none	0.0
11	64	Litton Industries	1,192.8	36½– 3	35⅞	36.4	1,307	4.77	8	1.00	2.8
12	17	Metromedia	1,151.2	73 – 5⅛	67¼	4.6	306	8.23	8	3.20	4.8
13	*	Subaru of America	1,150.0	10⅝– ⅛	9⅝	6.0	56	1.54	6	0.20	2.1
14	11	Bruno's	1,099.7	15¼– 1⅛	13⅛	4.2	56	1.64	8	0.50	3.8
15	10	Columbia Pictures	1,094.7	31 – 2⅝	28⅜	9.6	272	3.76	8	0.50	1.8
16	194	Congoleum	1,062.5	35⅛– 3	34⅞	11.8	411	4.29	8	1.00	2.9
17	63	Amer Medical Intl	1,061.4	29⅛– 2½	28½	9.2	261	2.58	11	0.80	2.8
18	*	Storage Technology	1,055.6	23⅜– 1⅛	15	24.5	367	1.53	10	none	0.0
19	22	Whittaker	1,018.2	18⅝– 1⅜	15⅝	13.5	208	2.97	5	0.50	3.3
20	59	Avco	1,000.5	35 – 2⅝	26⅜	16.9	445	7.76	3	1.20	4.5
21	13	Morse Shoe	986.1	20⅛– 1⅛	13⅜	5.2	71	3.01	5	0.72	5.2
22	6	Modern Merchandising	980.0	19⅝– 1⅛	13½	8.1	109	1.80	8	0.20	1.5
23	78	Reliance Group	963.2	55⅜– 4⅛	50½	7.8	396	9.30	5	2.00	4.0
24	20	Fairchild Industries	942.9	36⅜– 3½	36½	6.2	226	5.74	6	1.20	3.3
25	[illegible]	Hilton Hotels	926.1	35⅝– 2⅞	29½	25.5	753	3.58	8	1.36	4.6
26	36	Bangor Punta	916.7	31⅜– 2⅝	22⅞	4.6	106	5.95	4	0.80	3.5
27	31	Computer Sciences	884.6	17⅝– 1⅜	16	13.0	209	1.26	13	none	0.0
28	*	Gates Learjet	880.7	27 – 3	27⅝	5.2	144	2.46	11	0.40	1.4
29	373	Charter Company	879.5	50 – 2⅛	35⅜	19.4	693	9.83	4	0.60	1.7
30	*	VSI	843.8	37⅜– 4⅛	37⅜	6.1	230	3.74	10	0.60	1.6
31	45	Levi Strauss	825.6	69 – 6½	60⅝	20.7	1,260	8.42	7	2.20	3.6
32	34	Beech Aircraft	798.6	42 – 4⅝	41⅝	11.9	498	3.41	12	1.00	2.4
33	27	E-Systems	795.4	33⅛– 3½	31	5.8	181	2.56	12	1.00	3.2
34	*	Nucor	792.4	35⅛– 3⅜	32⅛	6.7	217	5.58	6	0.36	1.1
35	32	United Energy Resources	790.7	60½– 6⅛	60⅛	12.9	774	8.34	7	2.48	4.1
36	14	SCOA Industries	781.6	27⅛– 2½	21⅛	6.3	137	3.52	6	1.08	5.0
37	360	Parsons	778.3	30⅝– 3⅛	28⅝	8.0	228	2.87	10	1.00	3.5
38	46	Hartfield-Zodys	766.3	13 – ⅞	7⅞	3.7	29	1.98	4	0.40	5.1
39	5	Boeing	747.6	52⅞– 5	44½	64.1	2,853	7.31	6	2.40	5.4
40	*	Shearson Hayden Stone	745.7	18½– 1⅞	15⅝	4.7	73	4.09	4	0.48	3.1
41	273	Intel	743.8	69 – 7½	67½	20.4	1,380	3.20	21	none	0.0
42	39	Harris Corp	740.3	36½– 3⅝	31¼	26.2	819	2.53	12	0.72	2.3
43	951	Tosco	733.3	26 – 2	18⅜	20.6	386	2.98	6	none	0.0
44	40	NVF	711.2	11½– 1⅛	10⅝	31.9	331	1.87	6	none	0.0
45	163	General Instrument	707.6	47⅛– 4⅜	39	8.7	341	4.93	8	0.80	2.1
46	97	ConAgra	693.3	19½– 2⅛	17	5.8	99	3.34	5	1.16	6.8
47	237	Evans Products	690.9	25⅞– 2⅞	21⅝	12.3	268	4.44	5	1.70	7.8
48	*	G Heileman Brewing	685.3	29⅝– 2⅞	24	8.7	208	2.90	8	0.73	3.0
49	28	Twentieth Century-Fox	669.1	46⅛– 5⅛	40⅝	7.8	315	6.46	6	2.40	5.9
50	448	Reserve Oil & Gas	661.8	32⅜– 4⅜	32⅜	13.2	428	2.23	15	0.30	0.9
51	341	Transco Companies	658.5	39⅞– 5⅝	38⅞	23.1	900	2.57	15	1.24	3.2
52	*	Natl Convenience Strs	656.8	14⅜– 1½	14⅛	4.0	57	1.67	9	0.50	3.5
53	171	Bunker-Ramo	642.3	29⅞– 3⅛	24⅛	5.7	137	3.79	6	0.84	3.5
54	*	RLC Corp	640.8	13⅜– 1⅛	9⅞	11.8	116	2.28	4	0.48	4.9
55	21	Lockheed	637.9	37⅞– 3⅜	26⅜	11.7	314	2.18	12	none	0.0
56	153	Bluebird	633.3	14 – 1⅝	13⅜	4.8	66	2.01	7	0.28	2.0
57	116	Hospital Corp of Am	629.2	40⅛– 5⅛	39⅝	17.2	677	2.91	14	0.50	1.3
58	57	Ampex	620.0	19⅞– 2⅝	18	11.0	199	1.92	9	0.20	1.1
59	661	United Refining	614.8	32⅜– 4	28	2.4	67	6.54	4	0.80	2.9
60	681	Foster Wheeler	604.5	26⅛– 3⅜	25⅜	16.8	425	2.84	9	0.68	2.7

*Not ranked last year.

def deficit.

Who's Where in the Stock Market

Five-Year Change in Consumer Price Index: 45.0%

Rank 79	Rank 78	Company	5-year price change	1975-79 price range	recent price	shares outstanding (millions)	total market value (millions)	latest 12-month earnings per share	price/earnings ratio	indicated annual dividend	current yield
61	275	Reliance Electric	588.9%	70⅝–10¼	69⅝	15.8	$1,104	$ 4.94	14	$1.60	2.3%
62	*	Waste Management	581.8	39⅝– 4	37½	11.7	440	2.94	13	0.70	1.9
63	4	MGM	581.5	25⅞– 2½	17⅞	32.1	574	1.90	9	0.60	3.4
64	18	Pneumo Corp	577.1	34¼– 4¼	29⅝	2.9	85	2.77	11	1.00	3.4
65	42	Warner Communications	572.3	45⅝– 6¼	44⅛	18.4	813	5.17	9	1.00	2.3
66	246	Republic Natl Life	571.4	25 – 2⅝	17⅝	9.4	166	1.80	10	0.60	3.4
67	68	Johnson Controls	556.3	34½– 4	26¼	13.0	340	3.58	7	1.20	4.6
68	54	Parker Pen	552.3	17¾– 2⅜	15⅜	16.8	258	2.01	8	0.36	2.3
69	*	Interpublic Group	551.1	40 – 4⅝	30⅛	4.4	135	4.82	6	1.60	5.2
70	74	Wal-Mart Stores	550.0	34½– 4⅝	30⅞	15.1	466	2.34	13	0.30	1.0
71	61	General Dynamics	547.7	49⅞– 7⅝	49⅞	26.7	1,333	6.51	8	1.20	2.4
72	87	Beckman Instruments	546.7	29⅝– 4½	28½	19.5	555	1.74	16	0.32	1.1
73	67	Calder	542.3	20 – 2⅞	19⅛	8.3	159	2.21	9	0.50	2.6
74	55	American Standard	538.8	58¼– 8⅛	53½	13.7	735	8.83	6	3.60	6.7
75	345	Centex	535.1	31⅛– 5	29⅝	11.6	340	2.71	11	0.25	0.9
76	37	Entex	531.3	18⅞– 2½	15⅛	21.0	318	1.99	8	0.80	5.3
77	248	Crown Central Petroleum	531.2	47⅛– 5⅜	40	4.0	162	15.78	3	0.80	2.0
78	235	Petrolane	522.9	27½– 4⅜	27⅛	24.9	680	2.40	11	0.64	2.3
79	220	National Airlines	521.3	50 – 7⅜	47⅞	8.6	406	–0.29	def	0.50	1.1
80	44	Del E Webb	511.8	38 – 2⅛	13	9.5	124	1.07	12	0.20	1.5
81	190	Tektronix	505.1	61½– 9	59	18.1	1,070	4.51	13	0.84	1.4
82	53	Gelco	495.5	37⅛– 5¼	32⅛	6.7	221	3.40	10	1.00	3.1
83	147	Belco Petroleum	489.8	47⅜– 7⅛	43⅛	11.4	495	5.74	8	1.00	2.3
84	89	General Cinema	483.0	25½– 3⅜	21½	11.0	236	2.50	9	0.68	3.2
85	*	Toro	477.4	29⅝– 3⅜	22⅜	5.5	124	3.35	7	0.88	3.9
86	50	Super Valu Stores	476.2	22⅜– 3⅜	21⅛	18.1	385	2.32	9	0.66	3.1
87	60	Lear Siegler	471.4	24 – 3½	20	14.7	295	4.59	4	1.04	5.2
88	111	Vornado	466.7	29⅝– 3⅜	21¼	5.3	113	0.77	28	0.60	2.8
89	290	Noria	464.8	12⅝– 1⅞	10½	2.4	25	3.00	4	0.60	5.7
90	825	Ryder System	462.5	29½– 3½	21⅞	16.1	352	3.69	6	1.00	4.6
91	49	Dayton-Hudson	458.6	44⅞– 6½	40½	23.7	960	7.01	6	1.80	4.4
92	268	U S Home	457.9	16⅝– 2⅜	13⅛	10.9	144	3.70	4	0.52	3.9
93	286	Coastal States Gas	453.2	32⅜– 5⅜	32½	19.0	618	5.09	6	0.40	1.2
94	296	Sundstrand	451.0	36¼– 6⅛	33⅜	16.0	542	3.73	9	1.20	3.6
95	136	Pay Less Drug NW	449.9	26 – 4⅛	22⅞	4.4	101	2.37	10	0.60	2.6
96	179	Cabot	446.0	50 – 7⅞	43	10.3	444	6.83	6	1.60	3.7
97	*	Republic Finl Svcs	443.2	25⅝– 4⅛	22⅜	7.0	160	3.35	7	1.00	4.4
98	70	Allis-Chalmers	442.3	38⅝– 6⅝	35¼	12.1	427	6.27	6	1.80	5.1
99	193	Cincinnati Milacron	440.1	25½– 4⅛	23⅛	14.9	345	3.36	7	0.80	3.5
100	41	Iowa Beef Processors	438.7	26⅞– 4⅛	22	9.5	208	3.92	6	0.52	2.4
101	85	Cullum Companies	437.0	24 – 3⅜	18	2.8	50	3.52	5	1.00	5.6
102	181	Cooper Industries	435.4	64¼–11⅞	63¼	14.8	936	6.81	9	1.84	2.9
103	749	Dynalectron	433.3	15⅝– 1⅞	10	6.9	69	0.15	67	none	0.0
103	51	Wyman-Gordon	433.3	40½– 4⅛	24	9.0	216	2.32	10	1.00	4.2
105	284	Hanover Insurance	432.6	35⅝– 4⅛	30⅝	3.4	103	8.38	4	0.52	1.7
106	541	Murphy Oil	426.2	90½–15½	85½	12.4	1,062	6.68	13	1.00	1.2
107	191	Signal Companies	422.2	38⅞– 6⅞	36⅛	38.3	1,385	5.23	7	1.00	2.8
108	509	Rite Aid	420.0	26⅛– 4⅛	22⅜	10.5	239	2.84	8	0.65	2.9
109	43	Ruddick	418.2	10⅝– 1⅜	7⅛	2.3	17	1.67	4	0.42	5.9
110	189	Avnet	411.8	26⅝– 4⅜	21⅜	15.0	327	3.87	6	0.80	3.7
111	58	SmithKline Corp	405.7	58⅜–10⅞	58	60.7	3,521	3.62	16	1.44	2.5
112	209	Flintkote	402.1	53½–10½	52	7.1	368	7.68	7	1.55	3.0
113	244	Supermarkets General	395.8	19⅝– 3	14⅞	8.1	120	2.93	5	0.48	3.2
114	344	Macmillan	392.9	21⅜– 3⅜	17⅛	12.5	216	1.84	9	0.72	4.2
115	33	Washington Post	390.4	26¼– 4⅛	21	15.5	323	3.01	7	0.36	1.7
116	38	Tyler	386.5	19⅛– 3⅜	16⅞	9.9	168	2.30	7	0.45	2.7
117	*	Baldwin-United	385.7	40½– 6⅛	29⅝	8.4	249	4.87	6	1.20	4.0
118	*	PennCorp Financial	383.3	11½– ⅞	7¼	18.2	132	1.63	4	0.16	2.2
119	607	CNA Financial	382.6	16 – 2⅜	13⅞	30.4	421	4.31	3	none	0.0
120	137	Wallace-Murray	380.0	27⅝– 5	23½	5.9	139	5.76	4	1.60	6.8
121	132	Sun Chemical	375.0	28⅛– 4⅝	23⅜	4.4	103	5.24	5	0.60	2.5
122	*	Parker Drilling	374.8	37 – 5	36	12.9	463	2.79	13	0.24	0.7
123	754	Howard Johnson	369.4	23⅜– 4½	21⅛	22.1	467	1.54	14	0.44	2.1
124	94	Raytheon	369.3	61¼–12⅝	59⅝	31.3	1,854	5.98	10	1.60	2.7
125	180	Allen Group	362.1	17⅛– 3¼	15¼	4.1	62	2.70	6	1.00	6.6

*Not ranked last year.
def deficit.

Who's Where in the Stock Market

Five-Year Change in Consumer Price Index: 45.0%

Rank 79	Rank 78	Company	5-year price change	1975-79 price range	recent price	shares outstanding (millions)	total market value (millions)	latest 12-month earnings per share	price/ earnings ratio	indicated annual dividend	current yield
126	29	Dean Foods	361.4%	28¾– 3⅜	16⅜	3.0	$ 50	$ 3.20	5	$0.80	4.8%
127	693	Control Data	360.0	51 –10⅝	48⅞	16.8	820	6.66	7	0.40	0.8
128	188	Sigmor	359.9	19½– 4⅛	18⅜	13.4	245	2.66	7	0.50	2.7
129	*	Brown-Forman Dist	357.5	40¼– 7⅜	34½	12.6	434	3.34	10	1.24	3.6
130	19	Northrop	355.5	49⅝– 7⅜	36⅜	14.2	516	6.69	5	1.80	5.0
131	*	American Family	353.7	15½– 2⅛	9⅝	11.6	113	2.41	4	0.60	6.2
132	66	Niagara Frontier Services	353.7	32⅝– 5⅛	23⅛	2.1	49	4.13	6	0.94	4.0
133	119	American Bakeries	350.1	19⅝– 3⅜	15	2.0	30	1.87	8	1.20	8.0
134	425	Fuqua Industries	350.0	15¼– 3⅛	14⅝	12.7	186	4.24	3	0.50	3.4
134	597	Koehring	350.0	27¾– 4⅜	20⅛	3.0	60	4.23	5	1.10	5.4
134	93	Mattel	350.0	13⅛– 1⅛	7⅞	15.9	125	1.23	6	0.30	3.8
137	115	Dover Corp	348.1	30⅝– 6⅜	29⅜	17.8	519	3.06	10	0.86	3.0
138	26	MCA	344.0	55½–10⅝	47½	23.4	1,109	5.47	9	1.50	3.2
139	532	Tappan	343.8	17⅞– 4	17⅜	3.1	55	2.32	8	0.40	2.3
140	752	ERC	341.3	78⅛–13⅛	69⅛	5.5	379	8.74	8	1.40	2.0
141	71	Midland-Ross	340.0	27½– 5⅝	23⅜	11.6	271	3.44	7	1.30	5.6
142	69	Alco Standard	337.3	37¼– 7⅛	32¼	9.5	307	5.05	6	1.47	4.6
143	796	Cook United	337.1	10⅛– 1⅜	5⅝	5.9	33	0.76	7	0.15	2.7
144	338	Hyster	334.3	45⅛– 9⅛	39⅝	6.0	239	10.86	4	3.20	8.1
145	831	Fluor	333.3	52⅜–10	52	23.1	1,199	3.86	13	1.00	1.9
145	186	Key	333.3	16⅛– 2	13	2.8	36	2.10	6	0.60	4.6
147	109	Thiokol	330.0	46 – 9⅝	43	5.7	245	6.40	7	1.55	3.6
148	188	Blue Bell	328.6	31⅜– 6⅛	26⅛	12.5	329	5.36	5	1.60	6.1
149	75	Edison Bros Stores	325.2	35 – 5⅞	24⅜	11.4	282	4.20	6	1.32	5.4
150	243	Circle K	323.2	11½– 2⅛	11⅜	9.7	111	1.45	8	0.60	5.3
151	158	Amer Broadcasting	323.1	47⅝– 8⅛	37⅝	27.6	1,032	5.71	7	1.60	4.3
152	257	Kemper Corp	321.9	37½– 7⅜	33⅜	9.2	309	8.61	4	1.87	5.5
153	497	Business Men's Assur	321.1	32¼– 7⅝	30	6.0	179	4.69	6	1.20	4.0
154	72	McGraw-Hill	318.8	34 – 6	25⅛	24.6	618	2.99	8	1.28	5.1
155	408	NN Corp	317.9	38⅜– 4⅞	29⅛	6.1	178	4.02	7	2.00	6.8
156	113	Blount	315.2	26 – 4½	17⅛	2.7	47	3.67	5	0.64	3.7
157	982	Warner & Swasey	314.8	58 –13⅝	56	3.5	195	7.13	8	1.80	3.2
158	364	Dan River	314.7	20 – 4⅛	17⅝	5.6	97	3.70	5	1,12	6.4
159	261	NCR	314.2	81½–14½	62⅝	26.7	1,656	8.44	7	1.60	2.6
160	142	Capital Cities Commun	311.1	49⅞–11	46⅛	13.4	619	4.35	11	0.20	0.4
161	149	Melville	309.8	33⅞– 6⅛	26⅛	25.0	653	3.73	7	1.40	5.4
162	92	Cone Mills	308.1	33⅞– 7⅞	31⅝	5.8	184	7.12	4	1.80	5.7
163	121	Bergen Brunswig	305.9	17⅝– 2¼	8⅝	3.0	26	1.57	5	0.24	2.8
164	299	Pioneer Corp	305.2	33⅛– 7⅞	32½	18.4	598	2.91	11	1.16	3.6
165	173	Ametek	304.9	42⅞–10⅝	41⅛	5.3	221	4.18	10	2.00	4.8
166	340	Amer Genl Insurance	302.8	38⅞– 9	36¼	26.9	975	6.45	6	1.00	2.8
167	199	Federal Co	302.7	46⅛– 9¼	37¼	4.1	151	6.98	5	2.40	6.4
168	120	McDonough	300.0	32¼– 6	24½	4.0	97	5.35	5	1.32	5.4
169	62	Amsted Industries	300.0	45 – 8⅛	35⅛	10.8	380	5.88	6	2.20	6.2
170	224	Northwest Energy	298.2	27½– 6⅞	26⅞	10.4	280	4.27	6	1.30	4.8
171	502	Varian Associates	296.2	27⅝– 6½	26¼	7.4	195	1.15	23	0.40	1.5
172	162	Dennison Mfg	294.6	21⅛– 4⅞	18½	8.9	165	2.76	7	1.00	5.4
173	81	American Stores	291.5	34½– 6⅞	26⅜	10.0	267	3.92	7	0.80	3.0
174	283	Texas Oil & Gas	291.1	30 – 5¼	29½	43.2	1,274	2.25	13	0.24	0.8
175	*	Fisher Scientific	289.2	23 – 4⅜	18	3.8	69	2.95	6	0.52	2.9
176	51	Consolidated Papers	287.8	64⅛–14⅝	55⅝	5.3	297	10.12	6	3.60	6.5
177	762	Clark Oil & Refining	286.2	32⅝– 7⅝	28	7.2	200	5.42	5	0.80	2.9
178	124	Dexter	285.4	25⅝– 5⅛	20⅞	9.2	191	2.67	8	1.00	4.8
179	154	AM International	285.2	32⅞– 3⅛	13	8.4	110	0.15	—	0.28	2.2
180	160	Allegheny Corp	284.9	34⅝– 6⅝	25½	9.1	233	4.41	6	1.11	4.4
181	337	Alterman Foods	284.6	25½– 6½	25	1.4	34	3.29	8	0.50	2.0
182	234	Loews	284.2	69⅝–14½	57⅞	11.2	646	14.50	4	1.20	2.1
183	12	Moore McCormack Res	284.0	39¼– 9⅛	36	5.7	205	7.00	5	1.12	3.1
184	422	City Investing	283.8	22 – 4⅜	17⅜	22.5	400	4.96	4	1.20	6.8
185	*	Zurn Industries	282.9	19½– 4½	16⅝	5.4	91	2.71	6	0.80	4.8
186	*	Rainier Bancorp	282.1	30¼– 6⅞	26⅜	8.8	234	4.15	6	1.08	4.0
187	73	Meredith	282.1	40⅛– 8⅜	32	3.1	100	5.57	6	1.20	3.8
188	290	Carpenter Technology	281.1	35⅝– 7⅞	30⅛	8.6	259	4.89	6	1.90	6.3
189	146	Norris Industries	281.0	31⅛– 5⅝	20	9.8	195	3.78	5	1.40	7.0
190	486	Digital Equipment	280.5	66⅜–15⅛	64⅛	40.6	2,614	4.37	15	none	0.0

*Not ranked last year.

def Deficit.

Who's Where in the Stock Market

Five-Year Change in Consumer Price Index: 45.0%

Rank 79	Rank 78	Company	5-year price change	1975-79 price range	recent price	shares outstanding (millions)	total market value (millions)	latest 12-month earnings per share	price/earnings ratio	indicated annual dividend	current yield
191	212	R H Macy	277.6%	47¼– 12⅜	46¼	10.4	$ 482	$ 8.17	6	$1.85	4.0%
192	83	Cessna Aircraft	274.3	23⅜– 5⅝	20⅝	18.6	380	2.47	8	0.80	3.9
193	159	Sav-On-Drugs	273.9	15 – 3	10⅞	7.4	80	1.51	7	0.40	3.7
194	322	Smith International	273.5	70¼– 15⅛	68⅞	10.1	692	5.33	13	1.12	1.6
195	629	Superior Oil	270.6	134⅞– 29⅞	127½	20.0	2,556	7.59	17	0.72	0.6
196	386	Ramada Inns	268.4	17 – 2⅛	8⅝	26.9	236	0.48	18	0.12	1.4
197	419	Stanley Works	268.3	34⅞– 8½	31	12.0	372	4.24	7	1.24	4.0
198	177	Zayre	268.2	17⅞– 2⅜	10⅛	5.0	51	2.64	4	none	0.0
199	*	Dorsey	267.7	22½– 3⅝	14¼	2.9	42	3.12	5	0.75	5.3
200	143	Carson Pirie Scott	267.3	24 – 4⅝	17¾	3.4	61	3.55	5	1.10	6.2
201	725	Honeywell	264.9	82⅞– 20⅞	76⅝	21.9	1,675	10.77	7	2.60	3.4
202	493	Levitz Furniture	264.3	34 – 7	25½	4.2	108	4.76	5	1.00	3.9
203	467	General Host	264.1	23¼– 4⅞	17¾	3.0	53	2.71	7	0.70	3.9
204	929	National Kinney	263.6	6⅞– 1⅛	5	6.4	32	–0.44	def	none	0.0
205	240	Walter Kidde	263.5	39¼– 9⅝	33⅜	9.8	330	7.48	4	1.80	5.4
206	227	Gordon Jewelry	262.3	28 – 6½	24	5.5	132	4.91	5	0.72	3.0
207	283	McDonnell Douglas	260.6	40½– 8⅛	29⅝	37.6	1,118	4.87	6	0.75	2.5
208	137	Seaboard Allied Milling	259.0	22½– 5	17½	1.5	26	5.39	3	0.40	2.3
209	82	Northwest Industries	258.7	37⅞– 9⅝	33⅜	29.9	1,004	5.36	6	2.05	6.1
210	*	Outlet	258.0	33⅜– 5⅝	18½	2.5	46	2.79	7	1.00	5.4
211	133	Dart Industries	257.1	49⅝– 11⅛	41¼	23.5	970	6.72	6	1.80	4.4
212	204	Paine Webber	255.0	13⅜– 2⅛	8⅞	5.4	48	2.24	4	0.44	5.0
213	250	Ashland Oil	254.6	45½– 11	39	29.4	1,146	15.55	3	2.20	5.6
214	178	Longview Fibre	253.8	380 –106	375	1.2	435	29.23	13	13.30	3.5
215	469	PACCAR	252.5	65 – 15½	53¾	8.2	443	13.73	4	3.05	5.7
216	172	Federal Paper Board	251.6	31 – 7⅞	27¼	6.4	176	0.93	29	0.90	3.3
217	394	Southwest Forest Inds	251.5	24 – 4¼	14½	7.8	113	3.69	4	0.40	2.8
218	350	Data General	250.9	74½– 8⅝	50	9.9	496	4.82	10	none	0.0
219	*	Dorchester Gas	250.9	26⅝– 5⅞	25⅞	8.9	231	2.84	9	0.20	0.8
220	659	Rapid-American	250.0	18¼– 3	17½	7.1	125	4.59	4	0.60	3.4
221	505	Morrison-Knudsen	248.6	35⅞– 8⅛	29⅞	4.2	124	5.65	5	1.50	5.0
222	911	Frederick & Herrud	248.4	9 – 2	7⅛	2.8	20	1.24	6	0.24	3.4
223	290	Fieldcrest Mills	248.3	37¾– 7⅛	26⅛	3.7	97	6.42	4	2.00	7.7
224	254	Ex-Cell-O	247.5	38 – 10	34⅜	10.2	354	5.19	7	1.90	5.5
225	260	C F Braun	245.1‡	56⅞– 13⅛	52⅜	5.1	266	3.31	16	0.80	1.5
226	225	Crouse-Hinds	244.4	22⅜– 5⅝	19⅝	11.9	230	2.21	9	0.92	4.7
227	116	E F Hutton Group	243.1	25⅝– 5¼	17⅛	6.6	115	4.52	4	0.80	4.6
228	*	Todd Shipyards	242.9	34½– 4⅞	24	1.5	36	5.89	4	none	0.0
229	449	Gulf United	241.2	27¼– 6⅛	21⅜	22.2	482	2.30	9	1.00	4.6
230	678	U S Industries	240.0	10½– 2½	8½	24.8	210	1.85	5	0.76	8.9
231	274	Times Mirror	239.8	36⅞– 10⅛	35¼	33.9	1,195	4.62	8	1.44	4.1
232	123	Time Inc	235.7	50¼– 12⅜	41⅜	22.4	936	5.28	8	1.66	4.0
233	*	Knudsen	234.7	16 – 4⅛	13½	2.7	37	2.16	6	0.68	5.0
234	411	Di Giorgio	232.0	14⅞– 3⅜	10⅜	6.3	65	1.72	6	0.56	5.4
235	125	Harsco	230.0	36⅞– 9⅛	30	10.1	303	5.27	6	2.00	6.7
235	289	Peoples Drug Stores	230.0	16 – 3⅜	12⅝	3.7	45	1.70	7	0.24	1.9
237	112	Dana	228.1	32⅜– 7⅛	26⅛	35.3	928	5.03	5	1.52	5.8
238	259	UV Industries	227.9	39½– 8⅛	27⅞	15.2	424	18.26	2	§	—
239	241	Knight-Ridder News	227.6	29⅝– 7⅛	23¾	31.9	758	2.64	9	0.70	2.9
240	396	Stone Container	227.5	29⅝– 5⅞	19⅝	5.1	98	2.68	7	0.60	3.1
241	351	Waldbaum	224.6	14⅝– 3⅛	12¼	2.5	30	3.37	4	none	0.0
242	56	Chic & North Western	223.5	25¼– 3½	13⅜	4.4	61	–1.82	def	none	0.0
243	574	United Brands	223.1	15½– 3⅛	10½	11.0	115	1.83	6	0.20	1.9
244	448	Holiday Inns	221.4	32¾– 5⅛	16⅞	32.0	540	1.65	10	0.66	3.9
245	30	Athlone Industries	220.8	22⅛– 5⅜	19¼	2.9	55	4.11	5	1.20	6.2
246	161	Barnes Group	217.2	21⅜– 5⅞	18½	6.8	127	3.64	5	0.80	4.3
247	99	Universal Leaf	216.8	24½– 6⅜	20	9.0	181	2.79	7	1.20	6.0
248	383	Saxon Industries	216.7	8⅝– 2⅛	7⅛	7.7	55	0.98	7	none	0.0
249	714	Bausch & Lomb	214.6	35 – 10⅞	33⅜	11.6	391	3.23	10	1.00	3.0
250	352	EG&G	213.0	41½– 10	39⅝	6.6	257	3.03	13	0.80	2.0
251	148	Perini	212.5	15¼– 4	12½	3.4	42	1.61	8	0.40	3.2
252	251	Boise Cascade	211.9	40⅝– 10½	32⅜	27.0	884	6.41	5	1.50	4.6
253	520	Consolidated Edison	211.7	25⅞– 7⅛	23⅜	62.4	1,459	4.29	5	2.44	10.4
254	131	Abbott Laboratories	211.3	40⅝– 11⅝	39½	60.3	2,380	2.83	14	1.00	2.5
255	167	Allied Stores	211.1	29⅝– 7⅞	24½	20.4	500	4.39	6	1.60	6.5

*Not ranked last year. ‡Four-year price change.
def deficit. §In liquidation

Who's Where in the Stock Market

Five-Year Change in Consumer Price Index: 45.0%

Rank 79	Rank 78	Company	5-year price change	1975-79 price range	recent price	shares outstanding (millions)	total market value (millions)	latest 12-month earnings per share	price/earnings ratio	indicated annual dividend	current yield
256	151	Idle Wild Foods	209.4%	27 – 4	16½	1.8	$ 29	$ 3.72	4	$0.80	4.8%
257	462	Parker-Hannifin	208.6	32¾– 8⅞	26⅛	14.1	378	3.83	7	1.20	4.5
258	157	Flowers Industries	206.8	17 – 3⅜	11¼	6.0	67	1.71	7	0.46	4.1
259	126	Handy & Harman	205.9	31¼– 6⅝	25⅞	6.8	176	2.03	13	0.70	2.7
260	965	Combustion Engineering	205.7	54 –17⅛	53½	16.4	875	5.57	10	2.40	4.5
261	285	H F Ahmanson	205.5	28¼– 6⅝	21	22.9	482	5.13	4	1.20	5.7
262	272	Manhattan Industries	204.6	12⅞– 1⅜	5⅛	2.7	16	2.08	3	0.30	5.2
263	280	Transamerica	204.4	20⅜– 6	17½	65.4	1,144	3.47	5	1.12	6.4
264	295	Bache Group	204.2	14⅝– 3	9⅛	7.9	72	1.40	7	0.65	7.1
265	649	Suburban Propane Gas	204.0	39 –11⅜	38	4.6	174	4.61	8	1.44	3.8
266	684	Natl Semiconductor	204.0	55⅝– 9¼	28⅞	13.2	381	2.85	10	none	0.0
267	197	GK Technologies	203.5	23⅛– 7¼	22	11.4	252	4.28	5	1.30	5.9
268	463	Phillips-Van Heusen	203.3	18 – 3⅝	11⅜	3.0	35	2.35	5	0.60	5.3
269	594	General Signal	203.2	37⅝–11⅞	36	23.6	849	3.41	11	1.28	3.6
270	804	Amerada Hess	202.6	48⅜–13¼	42⅛	35.1	1,477	9.48	4	1.40	3.3
271	*	Sonoco Products	202.5	36 – 9⅜	30	5.7	172	4.62	6	1.40	4.7
272	312	Tecumseh Products	202.4	72½–20½	62	5.5	339	10.22	6	5.70	9.2
273	141	Eagle-Picher Inds	201.6	25⅝– 6⅛	19⅞	9.9	196	3.01	7	0.88	4.4
274	35	Seatrain Lines	200.0	15⅝– 1⅜	5¼	14.4	76	–2.40	def	none	0.0
275	174	Wheelabrator-Frye	198.8	41 –10⅛	30⅝	10.9	335	3.68	8	1.20	3.9
276	185	Thriftimart	198.4	27⅞– 5⅜	23⅛	0.9	21	7.37	3	1.20	5.1
277	128	Arcata	198.3	27⅝– 6⅞	21⅜	6.8	147	4.16	5	1.28	5.9
278	449	Sysco	198.1	24¼– 6⅜	19⅜	6.2	121	2.85	7	0.40	2.0
279	258	Giant Food	197.6	19⅜– 5½	15⅝	4.9	77	3.69	4	1.00	6.4
280	335	Ark Louisiana Gas	197.6	24½– 8⅛	24¼	25.1	609	2.44	10	1.24	5.1
281	221	Norton	197.5	34⅜–10¼	30⅛	16.4	494	4.88	6	1.60	5.3
282	228	Continental Airlines	197.4	17½– 3⅛	9⅛	15.0	137	–0.20	def	0.40	4.4
283	418	United States Filter	196.9	17¾– 3½	11⅞	8.0	95	1.83	6	0.36	3.0
284	566	Marathon Oil	195.7	52 –14⅞	51⅜	60.5	3,110	4.90	10	1.60	3.1
285	307	Kaiser Alum & Chem	195.0	22⅛– 6⅛	18⅝	40.6	756	4.96	4	1.20	6.4
286	134	Albertson's	195.0	46⅜–12⅛	36⅞	7.4	273	5.30	7	1.20	3.3
287	646	Natomas	194.8	31⅜– 9⅛	31⅜	23.1	725	5.28	6	1.10	3.5
288	402	Baker International	194.2	54¾–16	53⅞	31.3	1,687	3.25	17	0.60	1.1
289	310	Revco D S	193.4	32⅜– 8½	25⅛	13.4	337	2.61	10	0.80	3.2
290	365	Schlumberger	193.3	95⅝–27	93⅜	127.1	11,918	4.72	20	1.10	1.2
291	408	Washington Natl Corp	191.9	39 – 9⅛	27	6.6	178	4.62	6	1.40	5.2
292	96	Maryland Cup	191.9	31⅞– 7½	21¼	6.7	143	2.77	8	0.64	3.0
293	90	Borman's	191.7	9⅝– 1¼	4⅜	2.9	13	1.37	3	0.20	4.6
293	234	Imperial Corp of Am	191.7	29⅝– 7½	21⅞	14.2	311	5.14	4	1.20	5.5
293	300	Shopwell	191.7	7 – 1¼	4⅜	1.4	6	0.63	7	none	0.0
296	363	Crum & Forster	190.9	60⅛–17	48	13.7	658	10.40	5	2.52	5.3
297	599	Trans World	190.5	30⅜– 5⅛	15¼	15.9	243	1.62	9	none	0.0
298	266	Walgreen	190.0	30⅞–10	29	6.7	194	4.54	6	1.50	5.2
299	208	Pay'n Save	189.5	30⅞– 9½	27½	5.5	151	3.38	8	0.72	2.6
300	170	Vulcan Materials	188.8	37¼–11⅜	33⅜	11.5	388	4.83	7	1.60	4.7
301	150	Campbell Taggart	187.9	28⅜– 7½	21⅜	11.1	241	2.85	8	1.08	5.0
302	294	Thrifty Corp	187.9	17¼– 4⅛	11⅞	9.8	117	1.45	8	0.66	5.6
303	314	Pan Am World Airways	187.5	10⅜– 2	5⅜	71.0	408	0.85	7	none	0.0
304	475	Mobil	186.8	56 –17⅛	51⅞	212.1	10,948	8.34	6	3.00	5.8
305	144	Missouri Pacific Corp	185.9	59½–16⅞	48¼	15.4	744	11.06	4	3.00	6.2
306	382	Western Bancorp	185.8	35 –10⅞	30¼	36.8	1,113	5.25	6	1.64	5.4
307	110	Hoover Universal	185.6	25½– 5⅝	16½	8.8	145	3.20	5	1.24	7.5
308	*	Houston Oil & Minerals	184.4	42⅜– 5⅛	20	29.1	582	1.57	13	0.80	4.0
309	139	Fort Howard Paper	183.0	47⅛–13⅜	39⅝	13.4	533	4.41	9	1.32	3.3
310	188	Central Steel & Wire	182.9	230 –76	215	0.3	72	49.46	4	12.75	5.9
311	590	Auto Data Processing	182.8	41 –13⅝	38	15.2	576	2.28	17	0.64	1.7
312	333	Pennzoil	182.4	35⅝–11⅝	34⅞	49.6	1,729	4.10	8	1.72	4.9
313	645	Pacific Resources	182.4	25¾– 4⅛	16¼	6.7	109	1.68	10	0.60	3.7
314	441	Fred Meyer	182.3	34⅜–10	28	6.5	183	3.35	8	0.56	2.0
315	77	Colt Industries	181.8	51½–15½	44⅜	12.7	564	7.91	6	2.50	5.6
316	699	Standard Oil Ohio	181.7	85 –22¼	84½	118.3	9,998	7.51	11	1.60	1.9
317	9	Coachmen Industries	181.4	19⅜– 1½	4⅛	3.5	17	–1.20	def	none	0.0
318	*	Universal Foods	181.2	23 – 4⅞	13⅜	6.7	92	1.54	9	0.96	7.0
319	527	Central Louisiana Engy	181.1	39⅝–14½	39	9.6	375	4.94	8	1.68	4.3
320	233	Martin Marietta	181.0	40⅜–13⅛	36⅞	25.0	920	7.04	5	2.12	5.7

*Not ranked last year.

def deficit.

Who's Where in the Stock Market

Five-Year Change in Consumer Price Index: 45.0%

Rank 79	Rank 78	Company	5-year price change	1975-79 price range	recent price	shares outstanding (millions)	total market value (millions)	latest 12-month earnings per share	price/earnings ratio	indicated annual dividend	current yield
321	204	Raymond Intl	179.6%	28⅝– 4⅞	13¾	4.8	$ 66	$3.38	4	$1.00	7.3%
322	229	Combined Insurance	179.3	21⅝– 6⅝	18½	27.0	500	3.23	6	1.40	7.6
323	326	National Svc Inds	178.9	21¼– 6⅜	18⅛	12.7	231	3.12	6	1.08	6.0
324	648	F W Woolworth	178.7	32 – 9⅜	26⅛	29.3	766	5.29	5	1.60	6.1
325	164	Mead	178.4	33⅞– 8¾	24⅛	25.8	622	5.42	4	1.80	7.5
326	212	SCM	178.1	32 – 9	25⅜	9.5	242	5.37	5	1.30	5.1
327	513	Santa Fe Intl	178.1	40½– 9	32½	21.2	689	0.59	55	0.72	2.2
328	276	A-T-O	176.9	14⅞– 3⅜	9	5.9	53	2.53	4	0.56	6.2
329	187	Rexnord	175.2	21¼– 6¼	17⅜	19.5	339	3.03	6	0.96	5.5
330	300	Copeland	175.0	25 – 7⅛	19¼	5.6	108	1.45	13	0.92	4.8
330	140	New York Times	175.0	32 – 7⅛	22	11.8	260	2.30	10	0.90	4.1
332	481	Trane	174.1	23½– 6⅝	18½	10.2	188	2.52	7	0.92	5.0
333	329	Nationwide Corp	173.9	19⅛– 5⅞	15¾	10.2	161	3.30	5	0.60	3.8
334	480	Curtiss-Wright	171.7	22¼– 5⅛	15⅝	8.2	128	2.24	7	0.80	5.1
335	949	Kaufman & Broad	170.8	13⅞– 3	8⅛	11.7	95	1.15	7	0.24	3.0
336	391	Gifford-Hill	169.1	17¼– 5⅜	14⅛	7.2	102	3.39	4	0.92	6.5
337	281	NL Industries	168.5	31½–11¼	30⅝	32.9	1,015	3.02	10	1.20	3.9
338	108	A E Staley Mfg	165.9	32½–10	29½	12.6	372	1.86	16	1.00	3.4
339	438	Cameron Iron Works	165.5	76 –21	73	9.5	693	6.32	12	0.60	0.8
340	333	Earth Resources	163.3	28⅝– 8⅜	26	5.3	137	3.05	9	1.00	3.8
341	*	Wylain	163.3	19⅛– 6	16⅛	3.8	60	1.85	9	0.80	5.0
342	562	Archer Daniels Midland	162.9	27¾– 9⅛	27¼	34.6	944	2.03	13	0.20	0.7
343	703	Louisiana-Pacific	162.3	26⅜– 7⅜	19½	28.6	558	3.70	5	0.60	3.1
344	524	Seafirst	161.9	31⅞– 9⅞	26⅜	15.0	401	4.20	6	1.12	4.2
345	252	Willamette Inds	161.6	41 –11⅜	30⅜	14.4	442	4.54	7	1.24	4.0
346	332	Godfrey	161.0	20⅜– 7⅜	19	0.9	18	3.84	5	1.00	5.3
347	605	Rollins Inc	160.9	31¾–11¼	28⅜	13.4	380	2.28	12	0.72	2.5
348	382	Engelhard Minerals	159.9	24¼– 7¼	22½	65.0	1,456	4.00	6	0.96	4.3
349	319	Turner Construction	159.8	35⅜–11⅛	28¼	1.1	31	4.73	6	2.00	7.1
350	456	Standard Oil Calif	159.6	62⅛–22⅛	57¾	170.9	9,870	9.92	6	3.20	5.5
351	583	Freeport Minerals	159.0	50⅜–11⅞	45¾	21.0	959	4.04	11	1.20	2.6
352	238	White Consolidated	158.6	28⅛– 8⅜	22⅝	13.2	298	4.70	5	1.40	6.2
353	130	DPF	158.3	14⅛– 3	7⅛	4.5	35	2.43	3	none	0.0
354	263	Leaseway Transportation	157.0	26⅜– 7⅜	20	11.9	237	3.59	6	1.30	6.5
355	550	Tiger International	156.9	34⅜– 7⅜	18⅝	14.3	266	3.23	6	0.80	4.3
356	876	Marriott	156.9	18⅜– 6	16⅛	34.2	565	1.82	9	0.20	1.2
357	361	Hershey Foods	156.4	27½–10⅛	25	14.2	354	3.81	7	1.40	5.6
358	184	Potlatch	156.4	39⅜–11⅞	31⅛	15.1	473	5.36	6	1.32	4.2
359	331	Borg-Warner	156.1	37¼–13⅛	34¼	20.7	708	7.09	5	2.30	6.7
360	262	Houston Natural Gas	155.8	38½–14⅜	37¼	38.6	1,437	3.57	10	1.10	3.0
361	315	Foremost-McKesson	155.4	30⅞–10⅛	26½	13.5	359	4.92	5	1.56	5.9
362	277	Alexander's	155.0	9⅜– 2⅛	6⅜	4.5	29	0.91	7	0.40	6.3
363	685	Amer Hoist & Derrick	154.6	26⅜– 8⅜	21	5.6	119	3.51	6	1.12	5.3
363	428	Chromalloy American	154.6	24⅜– 8⅜	21	12.3	258	4.04	5	1.10	5.2
365	152	Weis Markets	154.1	28½–10	25⅝	9.1	233	3.10	8	0.80	3.1
366	399	Security Pacific	153.9	34⅜–11⅞	29⅜	27.6	819	5.79	5	1.80	6.1
367	338	Dow Jones	153.3	40 –15	38	15.5	590	3.23	12	1.44	3.8
368	198	TRW	150.9	42⅜–14⅛	35⅛	28.8	1,010	6.04	6	2.00	5.7
369	309	Morton-Norwich	150.5	34⅞–10⅜	29⅜	13.5	401	3.53	8	1.40	4.7
370	180	Emhart	150.0	45 –12½	31½	11.8	371	5.54	6	2.40	7.6
370	367	Pay Less Drug (Cal)	150.0	18⅞– 5¼	13⅛	2.1	28	1.36	10	0.40	3.0
372	239	Koppers	149.3	30⅜– 9⅛	23⅜	26.1	609	3.51	7	1.40	6.0
373	*	Curtice-Burns	149.2	21⅛– 7⅞	20¼	1.5	31	3.52	6	1.10	5.4
374	578	Browning-Ferris Inds	148.8	16¾– 5	12¾	16.9	216	1.49	9	0.70	5.5
375	582	Western Union	148.6	24⅜– 9⅛	22⅜	15.6	350	–0.42	def	1.40	6.3
376	615	Foxboro	148.4	44⅜–15⅜	38½	8.3	319	4.40	9	1.30	3.4
377	183	United States Shoe	148.3	38½– 7⅜	18	7.0	126	4.09	4	1.48	8.2
378	887	North American Coal	146.6	38½–12⅛	35¾	3.3	119	3.92	9	0.64	1.8
379	287	Cluett, Peabody	146.4	14⅞– 3¼	8⅝	8.9	77	1.80	5	0.68	7.9
380	533	Dresser Industries	145.7	57½–19¼	53¾	38.8	2,087	5.67	[illegible]	1.10	2.0
381	618	St Louis-San Fran Ry	145.5	60⅞–21¼	54	2.6	143	7.16	8	2.50	4.6
382	359	Consol Freightways	144.0	34 – 9⅛	22⅞	13.0	298	5.21	4	1.30	5.7
383	391	Philips Industries	143.8	8⅜– 2	4⅞	4.9	24	1.25	4	0.32	6.6
384	253	Kroger	143.6	27 – 7⅞	18⅞	27.4	517	3.76	5	1.36	7.2
385	226	Big Three Industries	142.9	44⅛–15⅛	37¼	20.1	758	3.05	12	0.88	2.3

*Not ranked last year.

· def deficit.

Who's Where in the Stock Market

Five-Year Change in Consumer Price Index: 45.0%

Rank 79	Rank 78	Company	5-year price change	1975-79 price range	recent price	shares outstanding (millions)	total market value (millions)	latest 12-month earnings per share	price/earnings ratio	indicated annual dividend	current yield
386	*	Snap-On Tools	142.9%	26⅛–10⅛	25½	19.8	$ 504	$2.10	12	$0.80	3.1%
387	554	Sage Corp	142.3	16¾– 3	7⅞	4.7	37	0.33	24	0.44	5.6
388	393	U S Fidelity & Gty	141.1	41⅛–15⅛	37⅝	27.7	1,040	8.05	5	2.40	6.4
389	242	Reeves Brothers	140.8	33⅞–11⅛	26⅞	2.4	65	7.62	4	2.00	7.4
390	587	Scott & Fetzer	140.5	36⅛– 9⅛	22¼	7.4	164	4.52	5	1.80	8.1
391	507	American Financial	140.0	30½– 6	21	5.8	123	8.61	2	0.04	0.2
392	182	Ogden	138.3	40 –13½	31⅞	8.5	270	6.51	5	2.00	6.3
393	564	Ohio Casualty	138.1	38½–14¼	35¼	11.7	410	6.81	5	1.40	4.0
394	383	Insilco	137.8	14⅝– 4⅜	11¼	10.8	121	2.19	5	0.94	8.4
395	552	Lone Star Industries	137.7	27⅛– 9⅞	22⅞	10.0	229	5.49	4	1.40	6.1
396	454	So Natural Resources	137.4	51⅛–20⅜	50⅝	20.2	1,024	5.27	10	1.50	3.0
397	563	Union Oil California	137.2	49⅝–16⅜	47	86.6	4,071	5.41	9	1.30	2.8
398	384	Dillingham	136.8	14⅝– 4⅜	11⅝	12.8	144	2.75	4	0.60	5.3
399	421	U S Bancorp	136.7	31⅛–10⅞	25⅞	12.9	335	3.90	7	1.00	3.9
400	232	Bendix	136.4	47 –16¼	38⅛	22.3	850	7.10	5	2.84	7.4
401	457	Northwest Airlines	135.4	37⅛–11⅝	28¼	21.6	611	3.87	7	0.80	2.8
402	922	USLIFE	135.0	28 – 9⅛	23½	22.0	518	3.77	6	0.68	2.9
403	336	Texas Gas Transmn	134.4	27⅞–11⅛	27¼	20.2	549	3.37	8	1.46	5.4
404	256	Riegel Textile	134.2	22⅛– 6⅞	16	3.8	61	3.55	5	1.60	10.0
405	*	Valley Natl Bk Ariz	134.0	29⅝–12⅜	27½	10.0	275	4.43	6	1.40	5.1
406	217	Dibrell Brothers	133.8	19⅛– 5⅞	13¼	1.3	18	3.11	4	1.00	7.5
407	381	Diamond Shamrock	133.7	40 –10⅞	25⅜	52.9	1,329	3.26	8	1.60	6.4
408	*	Kaneb Services	133.6	22½– 7⅛	19⅜	20.9	405	2.04	9	0.80	4.1
409	65	Crane	133.5	37½–12	32⅛	10.0	322	5.16	6	1.60	5.0
410	98	Flickinger	133.4	15¼– 5	11⅞	2.9	34	2.21	5	0.60	5.1
411	*	Host International	133.3	27 – 5⅞	13⅛	5.5	72	2.86	5	0.60	4.6
411	327	Roper Corp	133.3	15⅛– 4½	10⅜	5.3	56	1.79	6	0.90	8.6
413	145	Kings Dept Stores	131.1	18 – 5½	13	7.5	97	2.06	6	0.90	6.9
414	*	Earle M Jorgensen	130.3	37½–12¼	28⅛	3.3	93	5.75	5	1.50	5.3
415	79	Super Food Services	129.9	18 – 4⅞	10⅞	1.6	18	1.71	6	0.40	3.7
416	265	Interpace	129.8	23⅝– 7⅞	18	4.1	74	4.66	4	1.40	7.8
417	84	Pitney-Bowes	129.4	30½–11⅛	26⅜	13.8	363	3.74	7	1.40	5.3
418	357	A O Smith	129.3	24⅞– 7¼	16⅝	4.9	82	5.88	3	1.40	8.4
419	767	Zapata	128.5	24⅛– 8⅜	22⅝	8.2	185	2.36	10	0.30	1.3
420	387	Cannon Mills	128.1	24⅛–10⅛	23⅜	8.5	199	3.51	7	1.28	5.5
421	855	Southwestern Life	127.9	41⅛–14⅜	38⅜	15.1	587	2.67	15	1.00	2.6
422	784	First City Bancorp	127.7	40⅜–16⅛	37	11.8	436	5.21	7	1.56	4.2
423	264	Gt Northern Nekoosa	127.7	40⅜–14⅛	31⅞	15.9	507	5.56	6	1.60	5.0
424	176	Gould	127.3	35½–10⅜	24¼	27.8	673	3.60	7	1.72	7.1
425	751	Phillips Petroleum	127.2	49⅛–18½	49⅛	154.4	7,586	5.73	9	1.40	2.8
426	628	Westvaco	126.5	35⅜–12⅞	29¼	16.9	494	4.61	6	1.50	5.1
427	482	Certain-teed	126.4	28⅛– 6⅛	15	13.4	201	1.40	11	0.90	6.0
428	406	FMC	125.9	29½–10⅞	24	32.1	771	4.47	5	1.40	5.8
429	673	Shell Oil	125.7	54⅛–19⅝	52⅜	154.0	8,125	6.45	8	2.40	4.5
430	129	Olin Corp	125.6	25⅛– 7⅛	16½	23.9	395	2.95	6	1.00	6.1
431	88	United Technologies	125.3	52½–15⅜	36⅜	41.6	1,531	6.19	6	2.20	6.0
432	539	Stewart-Warner	123.9	41⅜–13⅜	30	5.2	156	4.54	7	1.88	6.3
433	761	City Stores	123.1	5⅛– 1½	3⅝	3.3	12	–4.92	def	none	0.0
434	192	Denny's	122.6	35 – 6⅛	14⅝	8.7	128	2.66	6	0.88	6.0
435	236	Stanadyne	122.5	38⅜–10	22¼	4.8	107	4.32	5	1.40	6.3
436	487	McGraw-Edison	122.0	33 –11½	25⅛	16.3	411	4.11	6	1.80	7.1
437	[illegible]	Lucky Stores	121.6	18½– 7⅛	15⅝	48.3	761	2.11	7	1.00	6.3
438	353	Scovill	121.2	24⅞– 8⅜	18⅛	9.2	169	3.51	5	1.52	8.3
439	600	Kuhn's-Big K Stores	121.1	10⅜– 1⅜	3½	2.6	9	0.41	9	none	0.0
440	222	Occidental Petroleum	120.6	31⅛–12⅜	28⅛	70.9	1,993	5.06	6	1.50	5.3
441	405	United States Gypsum	120.5	37⅞–14⅛	30⅞	15.6	482	7.66	4	2.40	7.8
442	543	IC Industries	120.5	32½–10⅜	24¼	15.8	384	5.00	5	1.84	7.6
443	861	First Wisconsin Corp	119.6	29⅝–11⅞	25⅛	4.2	105	5.22	5	1.88	7.4
444	245	Tandy	118.1‡	34⅝–10⅜	28⅜	23.5	671	3.35	9	none	0.0
445	76	Gray Drug Stores	117.9	19⅛– 4½	9⅝	2.6	25	1.49	6	0.80	8.3
446	407	Bemis	117.7	30⅝–12⅛	28⅛	3.7	106	6.22	5	1.40	5.0
447	521	Champion Intl	116.7	28⅛–10⅛	22⅝	50.4	1,147	4.83	5	1.40	6.2
447	663	Provident Life & Acc	116.7	53 –21	45½	9.8	448	7.41	6	1.48	3.3
449	305	Garfinckel Brooks Bros	116.1	29⅝– 6⅞	15⅛	4.5	68	3.15	5	1.24	8.2
450	282	Witco Chemical	115.8	29⅝–11⅛	25	8.7	219	4.90	5	1.40	5.6

*Not ranked last year. ‡Four-year price change.

def deficit.

Who's Where in the Stock Market

Five-Year Change in Consumer Price Index: 45.0%

Rank 79	Rank 78	Company	5-year price change	1975-79 price range	recent price	shares outstanding (millions)	total market value (millions)	latest 12-month earnings per share	price/earnings ratio	indicated annual dividend	current yield
451	*	DETROITBANK Corp	115.1 %	29¾–11⅛	24	8.5	$ 204	$ 5.19	5	$1.80	7.5%
452	*	Easco	114.0	30¼– 7⅛	15¼	3.3	50	2.91	5	1.20	7.9
453	679	Conoco	114.0	48¼–20¼	47⅜	107.6	5,137	7.26	7	1.90	4.0
454	989	Rose's Stores	114.0	17¾– 4⅜	11⅛	2.1	25	3.23	4	0.72	6.3
455	576	Union Pacific	113.8	74 –30⅞	73½	47.7	3,505	7.58	10	2.80	3.8
456	423	Oscar Mayer	113.6	26 – 9⅞	21	14.6	307	2.98	7	1.00	4.8
457	231	H H Robertson	113.5	35 –13⅛	27⅞	2.1	59	5.46	5	1.90	6.8
458	127	Ball Corp	113.3	28⅞–11⅜	24	5.0	120	4.71	5	1.40	5.8
459	156	National Can	113.2	25⅝– 9⅛	20⅛	7.8	157	4.45	5	0.72	3.6
460	416	George A Hormel	112.5	39 –15⅝	34	4.8	163	6.37	5	1.68	4.9
461	556	Florida Power	112.0	34¼–13⅞	28⅝	14.5	414	3.84	7	3.00	10.5
462	553	Michigan National	111.9	25½– 7⅜	17¼	9.2	159	4.74	4	1.20	7.0
463	347	National Gypsum	111.6	24⅜– 8⅜	18¼	16.5	301	4.77	4	1.48	8.1
464	933	American Motors	111.5	9⅝– 3⅜	6⅞	30.4	209	2.24	3	0.30	4.4
465	*	Penn Traffic	111.5	18¼– 6⅛	14¼	2.1	30	3.08	5	1.20	8.4
466	869	Texas Eastern	111.2	62⅜–25⅝	61⅛	25.2	1,543	6.58	9	2.70	4.4
467	850	Perkin-Elmer	111.2	36⅜–16	35⅜	19.7	695	2.79	13	0.72	2.0
468	298	Magic Chef	111.1	14⅞– 3⅛	7⅛	7.8	55	1.78	4	0.60	8.4
469	169	Anderson, Clayton	110.8	26⅛–10	21⅞	13.4	294	3.74	6	1.12	5.1
470	499	Commercial Metals	110.3	23⅜– 6⅛	19⅞	2.8	55	5.32	4	0.55	2.8
471	724	Republic of Texas	110.0	30 –11⅞	24½	17.8	435	3.84	6	1.00	4.1
472	367	American Natl Ins	109.6	18½– 6½	13⅞	30.8	420	2.52	5	0.60	4.4
472	288	Ethyl	109.6	30 –11½	24½	18.8	460	4.88	5	1.50	6.1
472	806	Quaker Oats	109.6	28⅝–12⅜	27¼	19.8	540	4.27	6	1.40	5.1
475	222	Harcourt Brace Jovan	109.3	41¼–14⅝	30⅞	4.4	135	3.45	9	1.44	4.7
476	466	Rockwell Intl	109.0	46⅜–18⅞	40½	35.3	1,431	7.33	6	2.60	6.4
477	300	Federal-Mogul	108.8	20⅝– 5⅞	14⅝	12.5	184	3.36	4	1.08	7.3
478	349	American Brands	108.3	67½–30½	63	26.8	1,687	11.12	6	5.00	7.9
479	367	Arden Group	107.7	5½– 1⅛	3⅜	3.5	12	0.31	11	none	0.0
480	358	Dravo	106.5	35⅛–13⅜	27⅞	8.0	223	3.75	7	1.28	4.6
481	413	Purex Industries	106.5	20⅛– 7⅛	16	11.3	180	2.30	7	1.28	8.0
482	592	Zale	106.4	25⅛– 9⅜	20⅝	10.5	212	3.44	6	1.08	5.4
483	572	Questor	105.0	12½– 3⅜	7	9.7	68	0.62	11	0.20	2.9
484	832	Sun Company	104.7	70⅝–25½	70	54.0	3,779	10.12	7	3.00	4.3
485	642	Dun & Bradstreet	104.6	40⅝–18⅛	39⅜	27.9	1,098	3.03	13	1.76	4.5
486	516	Wells Fargo	103.9	33⅜–12⅞	26½	22.6	599	5.43	5	1.72	6.5
487	431	Arvin Industries	103.7	23⅜– 5⅛	11⅜	6.5	74	2.78	4	1.12	9.8
488	405	Timken	103.5	63½–24⅛	50⅜	11.2	564	9.21	5	3.25	6.5
489	769	BanCal Tri-State	103.3	26¼–11½	22⅞	4.4	101	3.96	6	0.92	4.0
490	654	Hughes Tool	103.2	50 –19⅝	49⅜	17.7	876	3.65	14	0.84	1.7
491	293	Reynolds Metals	102.6	44⅞–14⅛	29⅜	18.8	548	8.93	3	2.20	7.6
492	418	RCA	102.3	33⅞–10⅜	21⅝	74.9	1,630	3.79	6	1.60	7.4
493	790	A C Nielsen	102.3	28⅛– 9⅞	22⅛	11.0	245	2.38	9	0.80	3.6
494	620	Gulf Oil	102.1	36 –17⅞	35⅜	195.0	6,948	6.20	6	2.25	6.3
495	135	Southland Corp	102.0	32⅛–13⅛	27⅞	22.9	639	3.24	9	0.84	3.0
496	655	Aetna Life & Casualty	101.8	36⅜–11½	32⅛	80.6	2,589	6.96	5	1.80	5.6
497	420	Sperry & Hutchinson	101.8	23½– 6⅞	14⅜	9.1	130	3.40	4	1.00	7.0
498	374	Natl Detroit Corp	101.7	35⅝–14⅛	29½	12.1	357	6.02	5	2.00	6.8
499	*	Dillard Dept Stores	101.7	20 – 7½	14⅞	2.6	39	2.98	5	0.40	2.7
500	822	Southern Union	101.5	32⅜–15⅝	30⅜	6.8	207	3.89	8	1.92	6.3
501	780	W W Grainger	101.4	39 –17⅛	35	14.1	493	3.40	10	0.92	2.6
502	348	Intl Multifoods	101.4	25½– 8⅞	18	8.1	145	3.09	6	1.20	6.7
503	375	Interco	101.3	48⅜–18⅛	38¼	14.3	547	6.83	6	2.40	6.3
504	236	Genl Tire & Rubber	101.3	31⅛– 9½	19⅜	23.2	450	4.13	5	1.50	7.7
505	446	Gt Western Financial	100.8	27⅜– 7⅛	20⅛	22.4	454	4.15	5	0.84	4.1
506	442	Eaton	100.3	30½–13⅛	25⅞	25.9	669	5.53	5	1.72	6.6
507	426	North Amer Philips	100.0	36 –12⅜	25½	13.0	330	6.17	4	1.70	6.7
507	311	Revere Copper	100.0	21⅛– 6	12	5.7	68	4.53	3	none	0.0
509	378	Sheller-Globe	99.8	15⅝– 4⅛	8	6.2	50	1.84	4	0.70	8.8
510	695	Hewlett-Packard	99.6	61⅝–28⅛	60	58.9	3,534	3.38	18	0.40	0.7
511	343	Copperweld	99.5	26½– 9⅛	19	5.7	108	4.13	5	1.36	7.2
511	765	Jonathan Logan	99.5	18⅜– 4⅛	9⅛	5.2	49	1.07	9	0.60	6.3
513	738	Peabody Intl	99.2	28 – 8⅝	19⅞	9.1	182	2.70	7	0.32	1.6
514	438	Textron	99.0	35 –12⅛	24⅜	32.8	799	4.55	5	1.80	7.4
515	279	Pillsbury	98.6	47⅛–18	35⅜	20.0	716	4.76	8	1.72	4.8

*Not ranked last year.

def deficit.

Who's Where in the Stock Market

Five-Year Change in Consumer Price Index: 45.0%

Rank 79	78	Company	5-year price change	1975-79 price range	recent price	shares outstanding (millions)	total market value (millions)	latest 12-month earnings per share	price/earnings ratio	indicated annual dividend	current yield
516	511	Wickes	98.0%	19⅝– 7⅜	14⅝	10.8	$ 153	$ 3.42	4	$1.04	7.4%
517	335	Oklahoma Natural Gas	97.9	28⅝–11⅞	23¼	10.3	240	3.10	8	1.80	7.7
518	567	Panhandle Eastern	97.8	57⅝–26⅞	57⅛	18.2	1,040	8.91	6	3.10	5.4
519	414	Fuqua	97.5	35 –10⅛	19⅝	7.6	150	4.10	5	1.20	6.1
520	668	Amerace	97.1	32¼–13¼	25⅜	2.4	61	4.49	6	1.32	5.1
521	742	Cities Service	96.8	85½–36¼	85⅝	27.7	2,357	7.62	11	3.60	4.2
522	395	U S Air	96.3	15 – 3⅛	6⅛	11.9	79	2.08	3	none	0.0
523	439	Owens-Corning Fiberglas	96.1	36⅝–12⅜	24⅞	30.5	750	3.77	7	1.20	4.8
524	460	Monfort of Colorado	96.0	9⅝– 3⅛	6⅛	4.9	30	–0.04	def	0.12	2.0
525	531	El Paso Company	95.1	22¼–10⅛	20	46.4	927	3.23	6	1.48	7.4
525	937	Gino's	95.1	18 – 4⅛	10	4.7	47	1.57	6	0.40	4.0
527	166	Marsh Supermarkets	94.8	7⅝– 2⅛	4⅛	3.2	15	0.92	5	0.32	6.7
528	982	Louisiana Land & Exp	94.8	55¼–19⅝	46½	38.0	1,766	3.94	12	1.48	3.2
529	453	Gannett	94.6	50⅝–23	45¼	34.7	1,570	3.56	13	2.00	4.4
530	643	Standard Oil Indiana	94.3	84⅝–36	84½	151.3	12,786	9.58	9	3.00	3.6
531	584	Stop & Shop	93.0	20⅝– 7⅞	15⅛	4.0	62	4.01	4	1.20	7.9
532	585	Consolidated Foods	92.9	27⅝–12⅜	23⅜	29.5	697	3.74	6	1.76	7.4
533	215	Gerber Products	92.8	39⅝–12⅛	23⅝	8.9	208	3.39	7	1.62	6.9
534	211	Butler Manufacturing	92.6	32⅝–11⅛	23⅜	5.6	134	4.29	6	1.20	5.1
535	388	Northern Natural Gas	92.4	53 –25⅛	50⅝	22.6	1,151	7.58	7	3.00	5.9
536	690	Consumers Power	92.4	25⅝– 9⅞	19	47.7	906	3.49	5	2.36	12.4
537	689	Continental Illinois	91.5	32⅞–13⅛	25½	39.2	1,000	4.91	5	1.60	6.3
538	282	Grumman	91.5	24⅞– 9⅛	17⅝	8.5	150	1.87	9	1.20	6.8
539	196	H K Porter	91.0	65 –30	64	1.2	75	17.12	4	3.20	5.0
540	448	Nabisco	90.9	28½–11⅛	21	32.2	676	3.08	7	1.62	7.7
541	328	Dean Witter Reynolds	89.4	21⅝– 5⅛	11⅛	8.0	89	1.37	8	0.80	7.2
542	444	Fruehauf	89.3	40 –14	26⅛	12.2	323	7.20	4	2.40	9.1
543	517	DeSoto	89.1	20⅝– 5⅛	10⅞	5.5	60	1.44	8	1.00	9.2
544	839	Bell & Howell	88.8	25½–10⅛	18⅞	5.5	105	–5.58	def	0.96	5.1
545	292	Eastern Air Lines	88.5	15⅝– 3⅛	6⅛	24.9	152	1.46	4	none	0.0
546	323	Harnischfeger	87.7	26 – 7⅝	13⅞	8.9	123	–0.12	def	0.40	2.9
547	759	Walt Disney	87.7	60⅛–19⅛	37¼	32.3	1,203	3.51	11	0.72	1.9
548	519	Crown Cork & Seal	87.5	35⅝–14⅝	28⅛	14.9	420	4.61	6	none	0.0
549	269	Revlon	87.4	59 –23⅝	44⅝	33.1	1,479	4.45	10	1.56	3.5
550	*	Robertshaw Controls	87.3	29½– 9	16⅛	3.9	65	2.86	6	1.30	7.8
551	160	Stokely-Van Camp	87.2	37⅝–13⅞	25⅝	3.3	85	4.08	6	1.48	5.7
552	779	AMAX	86.6	45⅛–19⅛	38⅛	52.8	2,018	5.76	7	1.80	4.7
553	598	Consol Natural Gas	86.5	47⅛–21⅛	39⅝	19.5	773	5.68	7	3.00	7.6
554	816	Alcan Aluminium	86.3	42 –18⅝	37⅛	40.4	1,507	9.07	4	2.40	6.4
555	471	Eastern Gas & Fuel	86.1	29⅛–10⅝	19⅝	21.1	416	2.27	9	0.92	4.7
556	687	Safeco	85.8	38 –14⅛	35	19.6	685	6.74	5	1.80	5.1
557	377	Ward Foods	85.3	12⅝– 4⅛	7½	3.9	29	1.18	6	none	0.0
558	219	Dillon Companies	85.2	23⅞– 8⅞	16½	16.1	266	1.96	8	1.08	6.5
559	547	Jack Eckerd	85.0	33⅛–14⅝	27⅝	23.6	655	2.58	11	1.00	3.6
560	683	Travelers	84.8	40⅞–19⅛	36½	42.3	1,542	8.83	4	2.08	5.7
561	451	General Foods	84.6	37 –18⅝	33	49.9	1,648	5.40	6	2.00	6.1
562	927	ASARCO	84.4	31⅛–12	25⅛	30.2	758	7.44	3	1.00	4.0
563	489	Wm Wrigley Jr	84.2	96½–41⅛	76	3.9	299	9.46	8	4.98	6.6
564	452	Intl Harvester	84.2	45½–19⅝	36⅝	30.6	1,113	9.63	4	2.50	6.9
565	760	Santa Fe Industries	83.6	55 –24¼	50½	28.1	1,419	7.24	7	2.60	5.1
566	859	Corning Glass Works	83.3	80 –28⅞	55	17.7	975	7.15	8	2.12	3.9
566	356	Gulf & Western Inds	83.3	21⅛– 8½	17	44.9	764	4.62	4	0.75	4.4
568	230	Peavey	83.2	24 –10⅛	18⅝	5.6	104	2.85	7	1.00	5.4
569	371	American Airlines	82.9	19⅝– 5⅛	9⅝	28.7	269	3.01	3	0.40	4.3
570	379	National Distillers	82.5	30⅝–13⅜	26	31.1	809	4.05	6	1.80	6.9
571	581	Washington Gas Light	82.1	27½–12	21⅝	4.4	94	1.59	14	2.40	11.1
572	797	Allegheny Ludlum Inds	81.8	28⅞–13⅝	25	7.6	190	7.13	4	1.40	5.6
573	408	St Joe Minerals	81.2	50 –17⅛	31¼	22.5	702	3.80	8	1.40	4.5
574	577	PepsiCo	80.9	33⅞–13⅝	24½	93.3	2,286	2.76	9	1.14	4.7
575	787	Getty Oil	80.7	73¼–31⅞	71½	82.2	5,874	6.36	11	1.60	2.2
576	474	Dayco	80.6	18⅝– 6⅛	14⅝	5.1	74	4.41	3	0.56	3.9
577	571	Ideal Basic Inds	80.4	28 –11⅛	20⅝	13.2	274	4.08	5	1.60	7.7
578	757	Beneficial Corp	80.0	32¼–14½	24⅝	22.1	546	4.75	5	2.00	8.1
578	*	Manufacturers National	80.0	30⅝–13⅝	24	5.0	121	6.44	4	2.20	9.2
580	330	Transway Intl	79.8	29⅞–12⅛	23⅞	6.5	153	4.91	5	1.80	7.7

*Not ranked last year.
def deficit.

Who's Where in the Stock Market

Five-Year Change in Consumer Price Index: 45.0%

Rank 79	Rank 78	Company	5-year price change	1975-79 price range	recent price	shares outstanding (millions)	total market value (millions)	latest 12-month earnings per share	price/earnings ratio	indicated annual dividend	current yield
581	*	Raychem	79.3%	53 –14⅜	50½	8.5	$ 430	$ 4.04	13	$0.36	0.7%
582	500	Cummins Engine	79.2	58½–15⅜	29⅝	8.3	243	6.98	4	1.80	6.2
583	320	PPG Industries	79.1	39⅞–16⅛	29¼	32.1	938	5.10	6	2.00	6.8
584	664	Atlantic Richfield	79.1	82 –37⅜	81⅛	114.4	9,295	8.52	10	2.80	3.4
585	692	BancOhio Corp	78.9	24½–10⅜	18⅜	8.0	147	3.74	5	1.40	7.7
586	370	Strawbridge & Clothier	78.8	33⅜–12¼	22	1.9	41	5.84	4	1.40	6.4
587	591	Brown Group	78.6	30 –13⅜	25	7.3	182	5.23	5	2.00	8.0
588	317	Pennwalt	78.4	42½–17⅝	31	8.5	265	4.87	6	2.20	7.1
589	*	Pittsburgh National	78.4	45½–22½	39⅜	6.1	241	7.08	6	2.60	6.6
590	993	NCNB	78.3	16⅝– 7⅜	13⅜	17.1	228	2.53	5	0.64	4.8
591	324	Springs Mills	77.8	20⅞– 8⅜	16	8.7	139	3.98	4	1.20	7.5
592	95	Bird & Son	77.8	37⅛– 9⅞	17½	4.1	72	3.59	5	1.60	9.1
593	940	Roth Packing	77.3	6⅛– 2	4⅜	1.2	6	–1.25	def	none	0.0
594	635	Brooklyn Union Gas	77.2	25 –11⅞	20⅜	7.6	154	3.40	6	2.02	9.9
595	565	Crocker Natl Corp	76.9	35⅜–14⅞	26⅜	12.5	335	8.68	3	2.00	7.5
596	580	Tampa Electric	76.3	21⅛– 9½	16⅜	15.3	256	2.20	8	1.44	8.6
597	623	Exxon	76.0	61¼–32½	56⅜	440.3	25,045	8.54	7	4.40	7.7
598	743	Columbus & So Ohio	75.5	28⅜–12⅝	21½	16.2	349	2.60	8	2.32	10.8
599	372	Ryan Homes	75.3	25⅝–11⅛	19½	6.5	127	2.96	7	1.20	6.2
600	478	NICOR	75.0	35⅜–17⅝	30⅝	17.7	543	4.84	6	2.52	8.2
601	893	Westinghouse Electric	75.0	25 – 9⅜	17½	85.6	1,498	3.63	5	0.97	5.5
602	522	Gas Service	74.6	16⅛– 8⅜	14⅜	4.2	61	2.56	6	1.28	8.8
603	568	Irving Bank Corp	74.5	38⅛–18⅜	32½	8.5	278	7.49	4	2.44	7.5
604	465	Deere	74.2	41½–17⅛	37⅛	60.7	2,253	5.21	7	1.80	4.8
605	750	Nalco Chemical	72.8	36½–17	29⅜	19.9	583	3.11	9	1.36	4.6
606	186	Allied Van Lines	72.7	5⅜– 1⅛	2⅜	1.2	3	–0.33	def	none	0.0
606	485	Munford	72.7	14⅜– 4⅛	7⅛	2.1	15	0.28	25	none	0.0
608	376	Farmers Group	72.5	30⅛–13⅜	25⅞	33.9	877	2.87	9	0.84	3.2
609	870	CIT Financial	72.5	60⅛–26	53⅛	20.8	1,105	7.19	7	2.60	4.9
610	665	American Intl Group	72.4	62 –30	57⅛	37.5	2,147	5.90	10	0.42	0.7
611	512	Collins & Aikman	72.2	15⅛– 4⅛	7⅜	12.5	97	1.77	4	0.72	9.3
612	586	Edward Hines Lumber	72.1	26¼–11	18½	1.7	32	3.25	6	1.00	5.4
613	247	Stauffer Chemical	71.9	27 –10	18⅜	43.8	806	2.96	6	1.10	6.0
614	484	First Charter Finl	71.8	21⅜– 8⅜	15	29.7	446	3.21	5	0.80	5.3
615	733	Lincoln Natl Corp	71.7	48 –23⅜	41	22.6	927	6.78	6	2.80	6.8
616	*	Amer Maize-Products	71.4	16⅝– 6¼	10⅝	4.7	50	1.60	7	0.48	4.5
617	688	Libbey-Owens-Ford	71.2	37⅜–13⅞	23⅝	11.1	263	5.42	4	2.35	9.9
618	780	Cal-Maine Foods	71.1	7 – 2⅛	5⅛	2.5	13	0.90	6	none	0.0
619	304	Petrie Stores	70.8	49⅝–17	29¼	14.1	411	3.42	9	1.75	6.0
620	730	Sperry	70.8	52⅝–25⅜	46⅜	35.7	1,668	6.97	7	1.56	3.3
621	306	Fleming Companies	70.7	23½–10⅜	17½	6.3	110	2.48	7	1.00	5.7
622	694	Halliburton	70.4	84⅜–38⅜	77⅞	58.8	4,579	6.50	12	2.00	2.6
623	630	Intl Tel & Tel	70.3	36⅝–14⅜	25⅛	113.8	2,860	2.82	9	2.40	9.6
623	297	Peoples Gas	70.3	40½–22⅜	39⅛	26.7	1,043	5.29	7	3.00	7.7
625	339	Malone & Hyde	70.2	32⅜–16½	28½	7.3	208	2.89	10	1.12	3.9
626	316	Cyclops	69.6	29⅞–10⅛	21⅝	3.0	65	7.06	3	1.23	5.7
627	495	Public Svc Elec & Gas	69.6	26⅛–12	19½	67.9	1,325	3.02	6	2.20	11.3
628	514	Diamond Intl	69.5	43¼–22⅛	37⅜	12.8	480	4.91	8	2.20	5.9
629	385	Celanese	68.8	58 –25⅞	43¼	14.4	623	10.03	4	3.20	7.4
630	*	Indianapolis Pwr & Lt	68.3	27 –13	21⅞	13.1	286	3.61	6	2.12	9.7
631	674	Carolina Pwr & Lt	67.8	25⅜–11	18¼	41.2	752	3.06	6	2.08	11.4
632	271	CPC International	67.4	58 –32⅝	55¼	23.8	1,314	7.48	7	3.00	5.4
633	498	General Refractories	66.7	14 – 5	10	3.8	38	1.70	6	none	0.0
633	417	NLT	66.7	37 –12⅜	23⅜	34.6	801	3.74	6	1.12	4.8
635	956	SEDCO	66.5	50 –19⅜	47⅞	10.3	494	0.73	66	0.72	1.5
636	711	Alcoa	66.1	61¼–27½	49⅝	35.1	1,743	13.32	4	2.80	5.6
637	523	Union Camp	65.0	67⅞–24⅞	42⅜	24.3	1,038	6.04	7	2.60	6.1
638	579	W R Grace	64.9	41⅛–22⅛	35⅞	43.2	1,551	4.48	8	2.05	5.7
639	680	Connecticut General	64.8	42⅜–18⅜	34⅜	41.3	1,436	6.20	6	1.32	3.8
640	249	Anchor Hocking	64.7	21⅞– 9⅜	15⅜	10.2	157	3.01	5	1.20	7.8
641	542	New England G & E	64.3	18⅞– 8⅞	14⅜	7.4	107	2.72	5	1.60	11.1
642	526	General Motors	64.2	78⅞–31⅛	50⅜	286.9	14,487	12.09	4	5.30	10.5
643	397	Graniteville	64.2	17⅜– 6⅜	10⅞	4.3	47	0.23	47	1.00	9.2
644	437	Kimberly-Clark	63.5	50¼–24⅛	40⅛	23.4	942	13.40	3	2.88	7.2
645	435	Tenneco	63.3	39⅝–19⅜	38⅜	103.1	3,956	5.16	7	2.40	6.3

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def deficit.

Who's Where in the Stock Market

Five-Year Change in Consumer Price Index: 45.0%

Rank 79	Rank 78	Company	5-year price change	1975-79 price range	recent price	shares outstanding (millions)	total market value (millions)	latest 12-month earnings per share	price/ earnings ratio	indicated annual dividend	current yield
646	255	J Weingarten	63.2%	9⅝– 3⅞	7⅛	2.3	$ 18	$0.62	13	none	0.0%
647	916	Allied Chemical	63.0	51⅛–27	46¼	28.8	1,330	–0.96	def	$2.00	4.3
648	644	Rochester Gas & Elec	62.9	20¼– 9⅝	14¾	15.3	225	2.18	7	1.48	10.0
649	472	Merrill Lynch & Co	62.5	33¼–10⅝	17⅞	36.5	653	2.70	7	0.96	5.4
649	165	Talley Industries	62.5	15⅝– 5	8⅛	4.8	39	1.05	8	1.00	12.3
651	528	Wisconsin Public Svc	61.7	22 –11⅞	19	10.8	205	2.83	7	1.72	9.1
652	388	Castle & Cooke	61.6	21⅞– 9	14⅝	24.0	352	1.78	8	0.80	5.5
653	479	Caterpillar Tractor	61.2	65 –32	52⅛	86.4	4,536	7.20	7	2.10	4.0
654	*	Golden State Foods	61.1	19½– 8⅝	14½	1.0	14	3.04	5	0.30	2.1
655	735	Detroit Edison	60.9	18 – 8⅝	12⅞	73.8	950	1.97	7	1.60	12.4
656	616	Florida Power & Lt	60.5	29⅝–15¾	24⅞	40.4	1,006	4.06	6	2.40	9.6
657	537	New England Electric	60.4	24¾–13	20¼	21.3	431	3.56	6	2.36	11.7
658	674	Girard	60.3	28 –14¾	23¼	5.1	118	5.84	4	1.88	8.1
659	863	Clark Equipment	60.3	46½–22⅜	36⅞	13.1	485	7.93	5	2.20	6.0
660	321	Univar	59.7	15⅛– 5⅝	10¼	6.5	66	1.83	6	0.56	5.5
661	625	Columbia Gas System	59.3	40 –21¾	35¼	32.6	1,148	4.23	8	2.44	6.9
662	561	Georgia-Pacific	59.1	37⅝–15½	24½	98.4	2,411	3.18	8	1.20	4.9
663	587	Duke Power	58.8	23½–10⅝	16⅞	78.4	1,322	2.85	6	1.92	11.4
664	547	General Tel & Elec	58.5	33½–16⅞	26¾	145.3	3,886	4.14	6	2.72	10.2
665	637	Hammermill Paper	58.3	26⅞–12⅛	19	7.6	144	4.06	5	1.50	7.9
666	708	Hart Schaffner & Marx	58.2	16 – 5½	10⅞	8.4	91	2.32	5	0.88	8.1
667	192	Westmoreland Coal	58.0	65¼–18⅛	27¾	6.8	189	1.18	24	1.60	5.8
668	894	Newmont Mining	57.9	33⅝–15½	30	25.0	749	5.20	6	1.30	4.3
669	483	Amstar	57.6	26⅛–12⅜	20	8.9	179	2.54	8	1.35	6.8
670	671	ENSERCH	57.1	28 –13⅝	27½	29.6	815	2.51	11	1.56	5.7
670	621	So Carolina E & G	57.1	21 – 9⅝	15⅛	23.6	357	1.84	8	1.68	11.1
672	346	May Dept Stores	56.9	36 –14⅜	22¾	22.6	514	4.25	5	1.40	6.2
673	602	BankAmerica Corp	56.9	30⅞–15⅝	25	146.3	3,658	3.92	6	1.32	5.3
674	427	West Point-Pepperell	56.7	42⅛–18¾	29⅝	4.6	135	5.66	5	2.80	9.5
675	880	Crown Zellerbach	56.5	49 –24⅛	37⅝	25.4	950	5.68	7	2.10	5.6
676	611	Genuine Parts	56.3	28⅝–15⅛	24¾	27.6	682	2.25	11	0.88	3.6
677	455	AmeriTrust Corp	56.0	38 –21	32½	9.2	299	5.94	5	2.40	7.4
678	555	Continental Corp	55.9	29⅝–16⅛	26½	53.6	1,420	5.37	5	2.08	7.5
679	830	AMF	55.1	24⅝– 9⅝	15⅛	20.3	307	2.56	6	1.24	8.2
680	632	Niagara Mohawk Power	54.7	17¼– 8⅛	12⅜	66.8	827	2.03	6	1.44	11.6
681	647	Laclede Gas	54.6	24⅛–12⅞	19⅛	4.4	83	3.75	5	1.86	9.7
682	846	McLean Trucking	54.3	28⅝– 8	12¼	5.6	69	0.96	13	0.64	5.2
683	371	Pullman	53.9	48 –23	39⅝	11.0	437	5.30	7	1.80	4.5
684	772	Clorox	53.9	15⅞– 6⅛	10	23.0	230	1.70	6	0.76	7.6
685	559	Mellon National Corp	53.7	31⅞–18⅜	28⅛	19.6	554	4.75	6	1.84	6.5
686	815	Northwest Bancorp	53.7	29¼–17	25¾	25.7	663	3.92	7	1.32	5.1
687	595	Utah Power & Light	53.5	23¼–11⅝	17¾	35.1	623	1.97	9	1.76	9.9
688	999	Commonwealth Oil Rfg	53.3	12⅝– 1	8⅝	15.0	129	1.12	8	none	0.0
689	844	Hobart	53.3	28 –11⅛	17⅝	11.4	200	2.48	7	1.20	6.8
690	941	Nashua	53.2	38 – 9	27⅝	4.6	127	5.60	5	1.50	5.5
691	776	Masco	52.9	31⅛–15	22¾	25.5	581	2.69	8	0.60	2.6
692	884	McCormick & Co	52.6	25⅝–11⅞	18½	11.4	210	1.56	12	0.56	3.0
693	799	AMP	52.4	40⅞–23⅛	36⅝	36.2	1,315	3.23	11	0.76	2.1
694	498	Liggett Group	52.0	41⅛–25⅜	38⅜	8.4	322	6.63	6	2.50	6.5
695	818	Purolator	51.8	45½–17⅜	26	4.5	116	3.88	7	1.36	5.2
696	783	Southeast Banking	51.8	17 – 9⅛	13½	12.3	167	2.67	5	0.80	5.9
697	832	Texas Commerce Bshs	51.8	45⅝–28⅛	42½	14.4	611	5.40	8	1.60	3.8
698	195	CBS	51.4	64⅜–28⅞	46⅜	27.8	1,289	6.96	7	2.80	6.0
699	824	ACF Industries	51.1	39⅝–22⅛	33¼	8.8	291	5.51	6	2.24	6.7
700	549	Equifax	51.0	30¼–13⅛	19⅝	3.3	65	3.28	6	2.20	11.2
701	415	Lane Bryant	50.8	23½– 8⅛	12⅛	4.7	58	1.98	6	1.00	8.2
702	507	Atlanta Gas Light	50.7	17⅛– 9½	14⅛	4.5	64	2.61	5	1.44	10.2
703	117	Brockway Glass	50.6	24⅝– 8½	13⅝	7.4	101	1.07	13	1.08	7.9
704	228	Hannaford Bros	50.4	16⅛– 7¼	11	1.3	14	2.53	4	0.88	8.0
705	782	Rohr Industries	50.0	19⅞– 4	12⅜	5.1	66	3.32	4	none	0.0
706	738	Household Finance	49.5	22⅛–11⅞	17⅝	46.1	808	3.88	4	1.55	8.9
707	432	Marsh & McLennan Cos	49.4	72⅛–41	65⅞	13.9	916	5.76	11	3.60	5.5
708	609	Central Tel & Utils	49.2	28⅜–16½	24⅝	24.1	593	3.27	8	1.84	7.5
709	557	Baltimore Gas & Elec	49.2	28½–15½	22⅜	31.1	696	3.51	6	2.44	10.9
710	786	Northeast Utilities	49.0	12⅝– 6⅝	9½	66.2	629	1.36	7	1.10	11.6

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def deficit.

Who's Where in the Stock Market

Five-Year Change in Consumer Price Index: 45.0%

Rank 79	Rank 78	Company	5-year price change	1975-79 price range	recent price	shares outstanding (millions)	total market value (millions)	latest 12-month earnings per share	price/ earnings ratio	indicated annual dividend	current yield
711	495	National Fuel Gas	49.8%	31 –18⅛	27	5.1	$ 138	$ 4.51	6	$2.54	9.4%
712	608	Olympia Brewing	48.6	60¼– 9⅛	13⅜	2.6	35	2.64	5	0.90	6.7
713	518	Norton Simon	48.4	23 – 9⅝	14⅝	48.4	708	2.59	6	1.04	7.1
714	706	Illinois Tool Works	48.2	30 –17	25	12.2	306	3.45	7	1.00	4.0
715	727	Allied Products	48.1	22⅛– 9	19⅜	1.8	35	2.06	9	0.60	3.1
716	589	Pacific Lighting	47.8	23⅞–14⅜	21⅜	24.0	511	3.87	5	2.24	10.5
717	575	United Telecom	47.5	21½–12½	18⅝	64.8	1,287	2.72	7	1.52	8.2
718	936	Masonite	47.5	30⅞–14⅜	25⅝	14.6	373	3.49	7	1.20	4.7
719	342	Nash Finch	47.4	16 – 9	14	3.5	49	3.34	4	1.11	7.9
720	838	Richardson-Merrell	46.9	31 –13⅞	23⅞	23.3	557	3.43	7	1.20	5.0
721	604	IBM	46.7	80½–39⅝	61⅝	583.5	35,959	5.16	12	3.44	5.6
722	828	Square D	46.6	29⅞–14⅜	21⅛	23.9	507	3.10	7	1.60	7.5
723	715	Wetterau	46.5	16½– 8⅜	11½	7.4	85	1.77	6	0.70	6.1
724	458	American Cyanamid	46.4	32⅞–20⅝	30⅜	47.8	1,452	3.49	9	1.60	5.3
725	600	Sunbeam	45.7	28¼–11⅝	17⅛	14.9	255	3.42	5	1.50	8.8
726	464	R R Donnelley & Sons	45.7	33¼–17¼	27½	18.5	509	3.28	8	1.00	3.6
727	515	H J Heinz	45.6	44¼–25⅝	37⅛	22.4	830	5.48	7	2.20	5.9
728	492	Briggs & Stratton	45.6	33⅜–18⅛	26⅝	14.5	387	3.32	8	1.46	5.5
729	606	B F Goodrich	45.4	33⅝–13⅜	19⅝	16.4	322	5.23	4	1.44	7.3
730	717	Echlin Manufacturing	45.4	21½– 8⅜	15⅝	15.9	249	1.50	10	0.44	2.8
731	995	American Greetings	45.2	15⅞– 6⅝	11⅛	13.7	154	1.76	6	0.52	4.6
732	486	Braniff Intl	45.0	18⅝– 5	7¼	20.0	145	0.86	8	0.20	2.8
733	945	IU International	44.9	15⅛– 8½	12½	31.0	387	0.22	57	0.95	7.6
734	601	Arizona Public Service	44.8	21⅝–11⅞	17⅜	35.5	616	2.74	6	2.00	11.5
735	817	Gulf Resources & Chem	44.7	25⅝– 8⅛	17	7.1	121	1.68	10	0.32	1.9
736	461	UAL	44.6	45¼–13⅜	20¼	29.5	598	–1.54	def	1.00	4.9
737	494	Intl Minerals & Chem	43.9	61½–30⅞	55⅝	17.9	997	7.23	8	3.00	5.4
738	641	Bank of New York	43.8	43¼–24½	34⅞	6.3	220	7.28	5	2.72	7.8
739	622	INA	43.6	49¼–28	44⅞	25.3	1,135	9.25	5	3.00	6.7
740	429	Southern Calif Edison	43.6	27⅝–16⅜	25⅛	63.5	1,596	4.56	6	2.72	10.8
741	442	National Tea	43.5	7¼– 2⅜	4⅛	10.0	41	0.78	5	none	0.0
742	670	VF Corp	43.1	28¾–13⅞	20⅝	10.0	207	3.70	6	1.60	7.7
743	618	Joy Manufacturing	42.9	50⅞–21⅜	31	13.0	403	3.82	8	1.72	5.5
744	731	Monsanto	42.3	100 –41	58	36.0	2,088	10.02	6	3.40	5.9
745	938	Heublein	42.2	59¼–20½	28⅝	21.2	608	3.35	9	1.66	5.8
746	459	Armco	42.1	27½–14⅞	22½	44.2	994	5.09	4	1.50	6.7
746	596	Beatrice Foods	42.1	28½–14⅛	20¼	96.3	1,951	2.68	8	1.20	5.9
746	823	Pueblo International	42.1	8⅝– 2⅛	3⅜	4.5	15	0.89	4	none	0.0
749	361	Armstrong Rubber	41.8	34¾–10½	17⅜	1.7	30	4.39	4	1.20	6.9
750	726	Royal Crown Cos	41.7	23⅜– 8⅞	12⅝	8.2	104	0.77	17	1.04	8.2
751	836	Burlington Northern	41.6	65 –28⅜	56⅜	12.6	711	10.87	5	2.10	3.7
751	777	St Regis Paper	41.6	50½–19½	27¼	32.2	877	4.82	6	2.00	7.3
753	802	Texaco	41.3	32⅛–21⅛	29½	271.4	8,008	5.44	5	2.16	7.3
754	560	Kaiser Steel	41.2	47½–17⅝	30	7.0	210	7.65	4	none	0.0
755	506	Philip Morris	41.2	38⅝–20½	33⅞	124.5	4,218	3.93	9	1.25	3.7
756	813	Continental Tel	40.7	17⅞–10	14¼	50.4	718	2.14	7	1.36	9.5
756	118	Foodarama Supermkts	40.7	10 – 3⅛	4⅜	1.3	6	1.32	4	none	0.0
758	820	Motorola	40.7	59 –33⅝	48	31.1	1,493	4.88	10	1.40	2.9
759	775	Greyhound	40.2	17⅝–10½	14⅜	43.9	632	2.49	6	1.04	7.2
760	925	Hanna Mining	40.0	60½–24½	35	8.9	311	6.08	6	2.00	5.7
761	660	Long Island Lighting	39.5	20⅝–10⅛	14⅛	59.9	846	2.46	6	1.78	12.6
762	718	Delmarva Power & Lt	39.2	15 – 9	12⅞	23.9	307	1.85	7	1.38	10.7
763	811	McDonald's	39.2	66 –26⅛	40⅞	40.2	1,643	4.53	9	0.56	1.4
764	834	General Electric	39.0	59¼–32⅜	46⅜	226.5	10,504	6.11	8	2.80	6.0
765	432	Bristol-Myers	38.5	41⅞–23¼	34⅝	65.4	2,265	3.41	10	1.44	4.2
766	939	Sybron	38.4	24⅛–12½	17⅛	9.5	163	2.11	8	1.08	6.3
767	695	Warnaco	38.3	13¼– 5⅛	9⅞	3.9	38	2.79	4	0.60	6.1
768	744	Philadelphia Natl	38.2	35 –20⅝	28½	5.8	166	6.68	4	2.64	9.3
769	476	Alexander & Baldwin	38.1	28⅛–12⅝	23⅛	9.1	209	2.68	9	1.30	5.6
770	666	N Y State Elec & Gas	37.7	21⅜–11⅛	15⅜	25.9	398	2.63	6	1.76	11.4
771	697	No States Power	37.5	30½–15⅞	22	30.2	665	3.52	6	2.28	10.4
772	819	Avon Products	37.4	63 –27⅞	39⅝	60.1	2,376	4.17	9	2.80	7.1
773	873	Carter Hawley Hale	37.1	26⅞–13¼	18	24.7	444	2.56	7	1.10	6.1
774	313	Pittston	37.1	47 –16	23⅞	37.5	895	1.94	12	1.20	5.1
775	447	Amfac	36.8	25¼–13	21⅜	12.4	265	4.53	5	1.20	5.6

*Not ranked last year.
def deficit.

Who's Where in the Stock Market

Five-Year Change in Consumer Price Index: 45.0%

Rank 79	78	Company	5-year price change	1975-79 price range	recent price	shares outstanding (millions)	total market value (millions)	latest 12-month earnings per share	price/earnings ratio	indicated annual dividend	current yield
776	709	Maytag	36.6%	39 –19⅝	26⅛	13.3	$ 349	$ 3.20	8	$2.15	8.2%
777	584	Western Air Lines	36.2	14⅝– 5⅜	8	13.0	104	2.09	4	0.40	5.0
778	*	Kentucky Utilities	36.1	25¼–13¾	18⅜	9.7	178	2.86	6	2.04	11.1
779	656	San Diego Gas & Elec	35.8	16⅝–10	13¾	30.9	424	1.63	8	1.52	11.1
780	792	Baxter Travenol Labs	35.8	51⅝–28⅛	46½	33.8	1,573	3.30	14	0.50	1.1
781	835	Mercantile Stores	35.7	64½–28½	39	5.9	230	7.04	6	1.00	2.6
782	*	Deluxe Check Printers	35.1	36½–20⅝	32⅝	11.4	375	3.13	10	1.32	4.0
783	921	Envirotech	35.0	42⅝– 8⅝	13½	4.5	61	1.23	11	1.00	7.4
784	674	Va Electric & Power	34.9	15⅝– 8⅛	11⅛	85.9	956	1.70	7	1.40	12.6
785	534	Lubrizol	34.7	59⅝–27⅜	52⅞	19.8	1,047	4.37	12	1.60	3.0
786	698	Jewel Companies	34.5	27 –16⅞	23⅜	11.2	261	4.12	6	1.68	7.2
787	470	Southwestern Pub Svc	34.3	16 – 9⅝	12¼	25.9	318	1.50	8	1.28	10.4
788	829	Emerson Electric	34.2	41½–23½	32⅞	58.8	1,932	3.37	10	1.60	4.9
789	409	Air Prods & Chems	33.8	40⅝–21	30¼	28.3	855	3.45	9	0.80	2.6
789	729	G C Murphy	33.8	23⅝–10⅝	13⅜	3.9	53	1.31	10	1.28	9.6
791	979	GATX	33.3	46 –22¼	36	12.0	432	5.44	7	2.00	5.6
791	957	Hoover Co	33.3	19⅝– 8⅞	12	12.1	145	3.07	4	0.92	7.7
793	848	St Paul Companies	33.0	41⅝–22¾	37¼	21.0	781	7.51	5	2.00	5.4
794	634	Winn-Dixie Stores	32.7	34¾–20⅞	27⅜	26.9	736	3.38	8	1.68	6.1
795	756	Southern Company	31.9	18 – 8½	11⅜	144.9	1,649	1.36	8	1.54	13.5
796	849	Texas Instruments	31.7	129⅝–61	89¼	22.8	2,032	7.29	12	2.00	2.2
797	841	Kane-Miller	31.5	13¼– 5¼	7⅝	3.7	29	0.23	33	0.28	3.7
798	831	Pacific Pwr & Lt	31.3	24¼–14⅜	18⅜	37.6	692	2.40	8	1.92	10.4
799	491	GAF	31.0	17⅜– 7⅛	9½	13.3	126	2.06	5	0.68	7.2
800	*	Minnesota Gas	31.0	25⅛–16⅛	21⅛	4.0	83	4.37	5	1.94	9.2
801	617	Scott Paper	30.7	24⅛–12	16½	38.9	642	3.58	5	0.92	5.6
802	947	Chase Manhattan	30.6	43⅞–24⅛	35¼	32.1	1,130	8.31	4	2.40	6.8
803	736	Boston Edison	30.1	28⅜–15½	20	13.5	271	3.51	6	2.44	12.2
804	201	Jim Walter	29.4	44⅛–22¾	29⅝	15.9	474	5.65	5	1.80	6.1
805	843	E I du Pont	29.3	53⅜–29	39⅝	144.7	5,752	6.52	6	2.75	6.9
806	896	Coca-Cola Bottling NY	29.0	10½– 4⅜	6⅛	19.3	119	0.71	9	0.44	7.2
807	881	Central Illinois Lt	28.9	19⅝–11⅛	14½	10.5	152	2.39	6	1.70	11.7
808	325	Pioneer Hi-Bred Intl	28.7	25⅜–15	23⅜	15.9	372	2.47	9	0.84	3.6
809	644	Delta Air Lines	28.6	58 –25⅜	37⅝	19.9	748	5.86	6	1.20	3.2
810	899	Southern Pacific	27.8	38⅛–24⅞	33⅜	26.9	899	6.56	5	2.60	7.8
811	733	Phila Electric	27.6	21¼–11⅛	13⅞	81.8	1,135	1.92	7	1.80	13.0
812	284	Interlake	27.5	42½–18	24⅛	6.0	144	5.81	4	2.20	9.1
813	888	Polaroid	27.5	60⅛–15	23⅜	32.9	780	1.54	15	1.00	4.2
814	798	Ohio Edison	27.4	21½–12⅛	15⅛	58.7	888	1.56	10	1.76	11.6
815	773	Central Ill Pub Svc	27.0	16⅛– 9⅝	11¾	23.5	276	1.96	6	1.36	11.6
815	*	Wisconsin Pwr & Lt	27.0	23 –14⅝	17⅝	11.1	195	2.53	7	1.84	10.4
817	540	Kraft	26.9	51 –34	44⅛	27.9	1,236	7.35	6	3.20	7.2
818	755	Gamble-Skogmo	26.6	39¼–19¼	25	4.0	101	5.23	5	1.50	6.0
819	729	Brunswick	26.4	18¾– 9	11⅜	20.0	227	2.25	5	0.80	7.0
820	573	J P Stevens	26.4	24⅛– 9⅞	13½	12.9	174	3.38	4	1.20	8.9
821	636	Union Electric	26.3	16⅛– 9⅝	12	52.4	629	1.76	7	1.44	12.0
822	354	Bankers Trust NY	26.2	48⅛–25⅝	39¾	10.8	429	8.61	5	3.30	8.3
823	662	Houston Industries	26.0	36⅛–18	28½	35.6	1,016	4.90	6	2.36	8.3
824	814	Signode	25.9	42¾–25½	33⅜	7.9	263	5.52	6	1.72	5.2
825	667	Kellwood	25.9	23½– 6⅞	8½	3.5	29	–0.41	def	0.80	9.4
826	640	National-Standard	25.8	23⅞–11⅜	14	4.1	58	3.14	4	1.24	8.9
827	536	Wisconsin Gas	25.7‡	25⅛–15½	21⅜	4.1	87	3.60	6	2.04	9.5
828	897	Central Soya	25.0	18 –10	12½	14.4	180	2.23	6	0.84	6.7
828	651	First Intl Bshs	25.0	42¾–27¼	35	19.8	693	4.63	8	1.50	4.3
830	705	Southern Railway	24.6	62¾–40	53⅛	15.1	805	10.27	5	3.20	6.0
831	880	Squibb	24.4	41½–21⅝	35⅝	45.5	1,628	2.64	14	1.14	3.2
832	994	Tesoro Petroleum	24.1	20⅝– 6⅜	18	12.3	222	4.08	4	none	0.0
833	*	Kansas City Pwr & Lt	24.0	32⅜–18⅞	23¼	11.6	270	3.36	7	2.66	11.4
834	627	Pac Gamble Robinson	23.8	27 –15	18½	1.9	35	3.53	5	1.50	8.1
835	543	Am Natural Resources	23.6	47½–29⅝	43⅞	22.1	968	4.35	10	3.20	7.3
836	880	American Petrofina	23.4	38⅝–22⅝	35	10.7	376	8.03	4	2.50	7.1
837	525	Esmark	23.3	42 –19⅝	27½	20.2	556	4.27	6	1.84	6.7
838	535	Kellogg	23.0	28⅛–14	18¾	76.4	1,433	2.08	9	1.32	7.0
839	923	Hiram Walker	22.9	44⅛–22⅞	43⅝	17.2	751	5.63	8	2.80	6.4
840	593	Fairmont Foods	22.9	17 – 8	10⅝	4.4	47	1.07	10	[illegible]	7.1

*Not ranked last year. ‡Four-year price change.

def deficit.

Who's Where in the Stock Market

Five-Year Change in Consumer Price Index: 45.0%

Rank 79	Rank 78	Company	5-year price change	1975-79 price range	recent price	shares outstanding (millions)	total market value (millions)	latest 12-month earnings per share	price/earnings ratio	indicated annual dividend	current yield
841	558	Potomac Elec Power	22.8%	16⅝–10	12⅛	41.1	$ 498	$ 1.68	7	$1.40	11.5%
842	885	Whirlpool	22.7	34¾–15¼	18¼	36.2	660	2.82	6	1.40	7.7
843	778	American Elec Power	22.6	25¾–14⅜	17⅝	119.9	2,113	2.24	8	2.22	12.6
844	473	Borden	22.2	36⅝–20½	24¾	31.1	770	4.38	6	1.82	7.4
845	638	So New England Tel	21.9	41 –28⅛	34⅛	12.2	418	5.62	6	3.60	10.5
846	769	Allegheny Power	21.6	22⅝–12⅞	15½	39.7	615	2.31	7	1.80	11.6
847	985	Coca-Cola	21.2	47⅝–26⅝	32⅛	123.6	3,969	3.34	10	1.96	6.1
848	795	Norfolk & Western Ry	20.9	37 –20	24⅜	31.2	761	5.67	4	1.92	7.9
849	424	R J Reynolds Inds	20.5	35⅝–24⅛	31⅝	101.1	3,190	5.[illegible]	6	2.10	6.7
850	613	General Mills	20.4	35⅝–20¼	24⅜	50.3	1,225	2.91	8	1.32	5.4
851	746	Chemical New York	20.2	47⅛–26	35	14.9	522	8.06	4	3.16	9.0
852	508	American Tel & Tel	19.9	65⅝–44¾	53½	686.7	36,736	7.95	7	5.00	9.3
853	400	Johns-Manville	19.9	38¼–19	23⅜	22.0	515	4.77	5	1.92	8.2
854	842	Pfizer	19.8	39¾–23⅝	39⅝	73.0	2,874	3.24	12	1.32	3.4
855	651	Pa Power & Light	19.5	25⅛–15⅝	18⅜	39.9	733	3.37	5	2.04	11.1
856	719	Longs Drug Stores	19.2	41½–20⅝	26	10.5	273	2.43	11	0.76	2.9
857	793	Duquesne Light	19.0	21¼–12⅛	14⅛	31.8	448	1.56	9	1.80	12.7
858	748	Manufacturers Hanover	18.9	41⅝–24¼	30⅝	33.2	1,016	6.26	5	2.28	7.4
859	866	Chesebrough-Pond's	18.6	33½–18½	21⅞	32.2	705	2.47	9	1.08	4.9
860	603	Harris Bankcorp	18.6	39⅝–22⅛	26¼	6.8	178	4.25	6	2.00	7.6
861	789	J Ray McDermott	18.4	31½–14⅞	23⅜	32.2	766	0.13	—	1.20	5.1
862	610	MAPCO	18.3	50⅛–26¼	33¼	18.8	624	3.71	9	1.40	4.2
863	900	Amer Hospital Supply	18.0	38½–22	30⅜	37.3	1,134	2.69	11	0.80	2.6
864	950	Fischbach & Moore	17.8	39 –19¾	23⅛	3.3	77	3.93	6	1.40	6.1
865	503	Owens-Illinois	17.8	31⅝–16	19⅞	28.4	565	4.39	5	1.26	6.3
866	412	American Can	17.2	43¾–28	34	19.3	657	6.48	5	2.80	8.2
867	727	Genesco	16.7	9 – 2⅞	3½	12.6	44	0.54	6	none	0.0
868	650	Public Service Indiana	16.5	31⅞–19⅝	23	29.6	681	3.75	6	2.32	10.1
869	887	Chubb	16.4	46¼–26	37¼	12.4	462	7.60	5	2.40	6.4
870	752	Cincinnati G & E	16.4	25⅞–14⅜	16⅞	26.8	453	2.67	6	1.96	11.6
871	995	Marine Midland Banks	16.2	20⅝– 8¾	17	12.5	212	2.80	6	0.80	4.7
872	926	Akzona	15.9	25¾–10½	11⅞	12.2	145	1.98	6	0.80	6.7
873	477	Ford Motor	15.6	51⅞–25⅞	30⅞	120.1	3,708	12.45	2	4.00	13.0
874	836	Scot Lad Foods	15.6	9½– 3½	4¾	4.3	21	0.78	6	0.05	1.1
875	909	Champion Spark Plug	15.3	14⅝– 9	10⅜	38.1	396	1.49	7	0.80	7.7
876	987	Seagram	15.2	42¼–19⅛	37	35.1	1,298	3.06	12	1.10	3.0
877	686	Pacific Gas & Elec	14.9	25½–18⅛	23⅛	113.0	2,613	3.81	6	2.44	10.6
878	882	Bucyrus-Erie	14.7	30¼–14	19½	20.4	398	2.93	7	0.88	4.5
879	975	Xerox	14.6	87⅝–40½	59	80.5	4,752	6.62	9	2.40	4.1
880	970	G D Searle	14.6	25¾–10⅝	15¾	52.6	829	1.57	10	0.52	3.3
881	354	Reichhold Chemicals	14.5	20⅝–10	11⅞	6.9	82	1.01	12	0.74	6.2
882	682	Marshall Field	13.7	35¼–15½	18⅜	10.3	191	2.24	8	1.24	6.7
883	913	First Natl Boston	13.7	33½–19	28	12.3	345	6.51	4	2.20	7.9
884	785	Lukens Steel	13.3	19 –10⅛	12¾	5.2	66	1.51	8	0.96	7.5
885	811	Dayton Power & Light	13.3	22⅝–12	13⅞	23.4	324	1.94	7	1.74	12.5
886	826	Toledo Edison	12.4	27⅞–16⅝	18⅛	17.8	324	2.83	6	2.20	12.1
887	612	Republic Steel	12.2	40⅝–21⅛	25⅛	16.2	409	9.28	3	2.35	9.3
888	878	American Express	11.5	45 –24¾	29	71.3	2,067	4.80	6	1.80	6.2
889	981	Penn-Dixie Inds	10.3	6⅞– 2¼	3⅞	5.3	21	0.74	5	none	0.0
890	910	First Bank System	9.8	48⅜–33⅜	36½	15.0	546	6.83	5	2.04	5.6
891	968	Fedders	8.7	9⅞– 2⅞	3⅛	11.1	35	–0.49	def	none	0.0
892	766	Becton, Dickinson	8.6	42⅞–25½	29⅞	19.9	595	3.01	10	0.92	3.1
893	942	Quaker State Oil	8.5	21 –10⅜	14¾	21.7	320	1.65	9	0.80	5.4
894	716	Dow Chemical	7.7	57¼–22	29⅝	181.4	5,375	4.01	7	1.60	5.4
895	23	Itel	7.7	37½– 3¼	3½	11.7	41	–3.51	def	none	0.0
896	919	CFS Continental	7.6	18⅝– 7	8⅞	5.3	47	1.52	6	0.34	3.8
897	*	Kansas Power & Light	7.6	23⅝–15⅛	17⅝	12.6	224	2.79	6	1.96	11.0
898	682	Public Service Colo	7.2	20⅛–12⅛	13	32.1	417	1.40	9	1.60	12.3
899	929	Great Atl & Pac Tea	6.8	15⅝– 5	7⅞	24.9	196	–1.18	def	none	0.0
900	890	Emery Air Freight	6.7	28⅜–13⅜	17⅞	15.7	281	1.51	12	1.00	5.6
901	*	Louisville Gas & Elec	6.6	27½–17¼	18¼	10.3	187	2.27	8	2.06	11.4
902	740	Illinois Power	6.6	28⅝–17⅛	18¼	28.8	525	2.64	7	2.28	12.5
903	*	Amdahl	6.5†	71⅛–11⅛	20⅝	13.4	277	1.89	11	0.40	1.9
904	762	General Reinsurance	6.4	104 –64½	92	10.9	1,003	11.27	8	2.00	2.2
905	912	Texasgulf	6.3	37⅝–15⅛	27⅛	31.6	869	2.85	10	1.20	4.4

*Not ranked last year. †Three year price change.

def deficit.

Who's Where in the Stock Market

Five-Year Change in Consumer Price Index: 48.0%

Rank 79	78	Company	5-year price change	1975-79 price range	recent price	shares outstanding (millions)	total market value (millions)	latest 12-month earnings per share	price/ earnings ratio	indicated annual dividend	current yield
906	837	Minn Mining & Mfg	6.2%	68 –43	49	117.6	$5,760	$ 5.42	9	$2.40	4.9%
907	868	K mart	6.2	43¼–20⅝	23½	122.8	2,887	2.96	8	0.84	3.6
908	794	Burlington Inds	5.9	34 –14⅞	15⅝	28.0	437	2.73	6	1.40	9.0
909	569	M Lowenstein	5.6	19⅞– 8⅞	9⅝	3.3	32	0.47	20	none	0.0
910	892	Weyerhaeuser	5.5	49⅝–20⅛	28⅞	124.7	3,602	4.24	7	1.30	4.5
911	657	Savannah Foods	5.4	21 –13⅜	15½	1.9	29	2.75	6	1.40	9.0
912	*	Portland Genl Elec	4.9	21¼–12⅞	13⅝	31.2	417	1.43	9	1.70	12.7
913	867	Merck	4.7	85⅜–47⅝	69½	75.4	5,238	4.93	14	2.30	3.3
914	905	ARA Services	4.6	60⅝–32½	34	9.9	336	5.23	7	1.82	5.4
915	445	Continental Group	3.9	37⅝–22⅝	27	32.7	883	4.17	6	2.40	8.9
916	787	Jefferson-Pilot	3.8	38¼–24⅝	30	22.6	678	4.17	7	1.20	4.0
917	598	Campbell Soup	2.7	39⅝–27⅜	28¼	33.1	935	4.08	7	1.90	6.7
918	790	Cleveland Elec Illum	2.7	23⅝–15½	16	40.7	651	2.36	7	1.92	12.0
919	762	Chessie System	2.3	43⅛–24⅞	27⅝	19.9	545	6.20	4	2.32	8.5
919	538	Northern Trust	2.3	42½–29	32⅜	4.8	157	5.72	6	2.20	6.7
921	954	Black & Decker	1.8	36¼–14⅛	21⅝	42.0	898	2.25	10	0.68	3.2
922	847	International Paper	1.4	79¼–34⅞	36¼	47.9	1,738	11.97	3	2.20	6.1
923	783	Gulf States Utils	1.2	15⅝–10⅛	10⅝	38.5	418	1.63	7	1.36	12.5
924	633	Wisconsin Elec Power	1.1	32⅜–22⅛	22⅞	18.7	427	3.78	6	2.38	10.4
925	626	Safeway Stores	1.1	52⅝–34⅛	34⅞	26.1	911	5.92	6	2.60	7.5
926	537	Liquid Air of No Amer	1.0‡	35 –21⅝	24½	10.2	250	2.31	11	1.40	5.7
927	745	Middle South Utils	1.0	17⅞–12⅝	13	85.0	1,105	2.39	5	1.58	12.2
928	864	Mallinckrodt	0.8	52¼–26¼	31	9.4	291	4.31	7	1.20	3.9
929	875	Associated Dry Goods	0.7	40 –15⅜	18	13.5	243	3.16	6	1.50	8.3
930	569	Federated Dept Stores	0.5	60 –25⅝	26	48.3	1,256	4.10	6	1.70	6.5
931	886	Burroughs	0.3	110¼–54½	75⅜	41.1	3,111	6.95	11	2.20	2.9
932	976	CBI Industries	–0.4	45¼–21	33⅝	18.2	612	2.83	12	1.20	3.6
933	885	Gillette	–0.5	38⅞–21⅛	25¼	30.2	762	3.66	7	1.72	6.8
934	723	Chic Pneumatic Tool	–1.1	35⅜–21½	23¼	4.9	114	4.70	5	2.00	8.6
935	809	Mohasco	–1.5	25 – 7⅞	8½	6.6	56	1.00	9	0.90	10.6
936	877	Trans Union	–3.1	39½–24¼	31	12.1	375	4.32	7	2.36	7.6
937	669	Outboard Marine	–3.4	36½–10⅝	10⅝	8.4	90	2.00	5	0.70	6.5
938	840	Avondale Mills	–3.8	29⅛–16	16	2.0	33	1.24	13	1.20	7.5
939	998	Citizens & Southern NB	–4.0	8 – 4	6	28.8	173	0.64	9	0.24	4.0
939	769	Parnida	–4.0	9⅝– 2⅞	3	9.3	28	–0.03	def	none	0.0
941	845	Lowe's Companies	–4.1	33⅞–16⅛	17⅜	13.0	231	1.85	10	0.50	2.8
942	803	Goldblatt Brothers	–4.6	6½– 2½	2⅝	3.0	8	–0.52	def	none	0.0
943	788	Ceco	–5.1	1[illegible]– 9⅛	11⅝	3.3	38	3.42	3	0.75	6.5
944	827	Fisher Foods	–5.3	[illegible]5⅝– 7⅛	9	6.2	56	–0.25	def	0.40	4.4
945	774	No Indiana Pub Svc	–5.3	2[illegible]¼–13	13⅝	32.7	438	1.90	7	1.50	11.2
946	529	Inland Steel	–5.5	5[illegible]–29¼	30⅛	20.5	619	7.42	4	2.80	9.3
947	874	Roadway Express	–5.5	48⅛–21½	24⅜	19.6	486	2.63	9	0.80	3.2
948	741	Commonwealth Edison	–5.6	32⅜–19⅞	21	86.5	1,817	2.99	7	2.60	12.4
949	914	Economics Laboratory	–6.3	35 –18⅞	22½	13.5	303	2.30	10	1.04	4.6
950	722	Seaboard Coast Line	–6.6	39⅛–17⅞	26⅜	14.6	390	8.10	3	2.20	8.3
951	639	Union Carbide	–6.7	76¼–33⅜	38⅜	65.6	2,535	8.45	5	3.00	7.8
952	628	Goodyear	–6.8	28⅝–11⅞	12	71.6	859	2.28	5	1.30	10.8
953	973	Rohm & Haas	–7.6	86½–28	42⅜	12.9	553	7.00	6	2.00	4.7
954	960	Zenith Radio	–8.5	40⅝– 9¼	9⅜	18.8	177	1.14	8	0.60	6.4
955	833	Wheeling-Pitts Steel	–9.9	31⅞– 8	16	3.8	61	14.09	1	none	0.0
956	991	Intl Foodservice	–10.0	3⅝– 1	1⅛	3.0	3	–3.22	def	none	0.0
957	739	Central & South West	–10.2	18⅛–12⅞	13¼	70.8	938	2.28	6	1.42	10.7
958	935	Eli Lilly	–10.3	79¼–32⅜	61	72.9	4,444	4.44	14	2.10	3.4
959	900	Upjohn	–10.4	56 –30	45⅝	29.7	1,350	4.87	9	1.72	3.8
960	702	Standard Brands	–11.0	40⅝–21¼	23⅞	28.2	673	2.94	8	1.48	6.2
961	737	Ralston Purina	–11.4	18¼–10	11	107.9	1,187	1.19	9	0.58	5.3
962	917	Chrysler	–12.1	22⅝– 6½	6⅝	65.7	419	–10.80	def	none	0.0
963	768	Texas Utilities	–12.3	25⅛–16⅜	18⅜	86.3	1,619	2.51	7	1.64	8.7
964	891	J P Morgan & Co	–12.6	71 –39⅝	45¼	38.7	1,749	7.13	6	2.50	5.5
965	691	Fedl Natl Mortgage	–12.9	19⅝–12	16	57.8	925	3.09	5	1.28	8.0
966	721	Procter & Gamble	–13.2	100⅝–70⅛	70⅜	82.6	5,841	7.22	10	3.40	4.8
967	946	First Chicago Corp	–13.8	27⅝–14⅜	14⅞	39.6	590	3.20	5	1.20	8.1
968	122	Fleetwood Enterprises	–13.9	20⅝– 7	7⅜	11.4	88	1.39	6	0.52	6.7
969	978	Inco Ltd	–14.0	37 –13¼	18½	74.8	1,383	0.81	23	0.40	2.2
970	971	Phelps Dodge	–14.5	45⅜–17⅝	25	20.7	517	3.61	7	1.20	4.8

*Not ranked last year. ‡Four-year price change.
def deficit

Who's Where in the Stock Market

Five-Year Change in Consumer Price Index: 45.0%

Rank 79	Rank 78	Company	5-year price change	1975-79 price range	recent price	shares outstanding (millions)	total market value (millions)	latest 12-month earnings per share	price/earnings ratio	indicated annual dividend	current yield
971	881	Johnson & Johnson	–14.7%	99¾–62⅛	69	61.1	$4,215	$ 5.64	12	$2.00	2.9%
972	*	Wachovia Corp	–15.9†	23 –15⅝	17⅜	11.9	211	2.72	7	0.86	4.8
973	701	National Steel	–15.9	52¼–27	27⅜	19.3	537	7.43	4	2.60	9.4
974	961	Kerr-McGee	–16.1	95⅝–39⅞	60	25.9	1,552	6.17	10	1.55	2.6
975	879	American Home Products	–16.5	43¼–24⅜	27⅜	155.7	4,321	2.44	11	1.60	5.8
976	858	Anheuser-Busch Cos	–16.7	39⅝–17½	20	45.1	903	2.65	8	0.96	4.8
977	672	Carnation	–17.3	41½–21⅞	23⅛	37.3	868	3.61	6	1.50	6.5
978	980	Liberty Natl Life	–18.0	30⅝–19⅞	22⅝	19.0	431	3.16	7	1.20	5.3
979	923	Bethlehem Steel	–18.1	48 –18¼	20⅝	43.7	890	7.13	3	1.60	7.9
980	856	Capital Holding Corp	–19.1	28⅝–17⅛	19⅝	28.8	565	2.88	7	1.08	5.5
981	872	LTV	–19.7	19¾– 5⅛	7⅛	24.3	173	3.80	2	none	0.0
982	969	Hercules	–20.3	38⅞–12¼	19⅛	42.4	811	3.86	5	1.10	5.8
983	977	Williams Companies	–21.5	37⅝–14	25⅝	27.1	695	1.64	16	1.00	3.9
984	987	Avery International	–21.7	38⅛–12⅛	17⅝	9.0	159	2.46	7	0.60	3.4
985	926	Intl Flavors & Frag	–22.2	35⅛–18⅛	19¼	36.7	706	1.67	12	0.80	4.2
986	958	Eastman Kodak	–22.3	120¾–41⅛	48⅝	161.4	7,888	6.43	8	2.90	5.9
987	808	Sambo's Restaurants	–23.0	27 – 5	5⅞	12.8	75	–3.89	def	none	0.0
988	966	Colonial Penn Group	–24.2	41⅝–18	18⅝	16.1	302	4.40	4	1.40	7.5
989	952	Sears, Roebuck	–24.4	39⅝–17⅝	18¼	318.5	5,813	2.71	7	1.28	7.0
990	948	Sterling Drug	–24.6	25½–12⅜	18	60.2	1,084	1.81	10	0.84	4.7
991	992	First Penna Corp	–24.8	22 – 9¼	10¼	15.4	158	1.50	7	0.44	4.3
992	720	Fed-Mart	–25.3	22½–10½	14	2.2	31	–5.54	def	none	0.0
993	860	Oklahoma Gas & Elec	–25.5	25⅛–13⅜	13½	29.7	401	1.27	11	1.60	11.9
994	963	Ingersoll-Rand	–25.9	95½–44¼	49¼	19.0	934	7.18	7	3.16	6.4
995	546	Northwestern Steel	–26.4	46 –22⅜	25⅛	7.5	189	5.10	5	1.80	7.2
996	944	Citicorp	–26.9	39 –18⅞	20⅝	123.0	2,553	4.04	5	1.30	6.3
997	898	Warner-Lambert	–26.9	38½–17⅜	19	79.6	1,512	2.04	9	1.32	6.9
998	980	Food Fair	–27.3	7⅝– 1⅜	3	7.4	22	NA	—	none	0.0
999	747	United States Steel	–27.5	59⅝–18	18⅜	86.1	1,582	4.24	4	1.60	8.7
1000	914	Sherwin-Williams	–28.9	48⅛–19⅝	25⅛	4.7	118	1.85	14	0.60	2.4
1001	518	Culbro	–28.9	23⅝– 6⅞	7⅝	3.2	24	–2.22	def	none	0.0
1002	974	J C Penney	–30.0	63⅛–24⅞	25⅛	69.1	1,737	3.61	7	1.76	7.0
1003	985	DEKALB AgResearch	–30.1	45⅝–16⅛	25½	12.0	306	2.99	9	0.72	2.8
1004	981	Walter E Heller Intl	–30.3	34 –15½	19⅞	11.7	232	3.27	6	1.20	6.0
1005	990	Singer	–30.4	26 – 7⅝	8	16.6	133	–5.36	def	none	0.0
1006	865	Armstrong Cork	–30.7	32⅞–14⅝	16⅛	25.7	415	2.56	6	1.10	6.8
1007	943	Pabst Brewing	–31.1	34¼–10⅝	11⅜	8.6	97	1.27	9	0.40	3.5
1008	967	A H Robins	–31.1	15⅝– 8⅛	9⅛	26.1	238	1.06	9	0.40	4.4
1009	955	Kennecott Copper	–31.8	41 –18⅝	24⅝	33.2	817	2.54	10	1.40	5.7
1010	953	Moore Corp	–31.9	51¼–23½	27¾	28.0	778	3.63	8	1.44	5.2
1011	653	General Public Utils	–32.1	21⅝– 7⅛	7⅛	61.3	437	1.90	4	1.00	14.0
1012	545	Yellow Freight System	–32.9	46 –14¼	14¼	14.3	204	1.85	8	0.76	5.3
1013	696	Kerr Glass Mfg	–33.0‡	22 – 8⅜	8⅞	4.0	35	1.76	5	0.44	5.0
1014	853	White Motor	–33.3	15⅝– 3⅜	5	9.3	47	2.28	2	none	0.0
1015	712	Skyline	–34.4	26 – 9⅝	10⅜	11.2	121	1.04	10	0.48	4.5
1016	951	Massey-Ferguson	–36.1	32¼– 8	8⅝	18.3	157	–8.35	def	none	0.0
1017	731	Firestone	–38.3	26 – 8¼	8¼	57.7	476	–0.86	def	0.60	7.3
1018	889	Uniroyal	–40.0	11⅛– 3⅛	3⅝	26.6	100	–0.25	def	none	0.0
1019	781	Keystone Consolidated	–40.2	22⅝– 9	9⅝	1.9	17	–0.19	def	none	0.0
1020	918	McLouth Steel	–40.2	23⅜– 7⅞	8	5.5	44	2.95	3	none	0.0
1021	996	Fidelcor	–40.7	27 – 9⅛	11⅛	4.9	55	–1.15	def	0.24	2.2
1022	1002	Jos Schlitz Brewing	–41.7	30⅝– 7⅞	8⅜	29.1	254	–0.24	def	none	0.0
1023	883	Colgate-Palmolive	–42.5	34⅞–13⅜	13⅞	81.9	1,136	2.24	6	1.08	7.8
1024	986	Schering-Plough	–44.8	67¼–26⅛	29	53.6	1,554	4.03	7	1.44	5.0
1025	919	Champion Home	–47.1	6⅝– ⅝	1⅛	35.4	40	–0.03	def	none	0.0
1026	1003	GEICO	–49.5	28¼– 2⅛	11⅝	14.4	168	3.50	3	0.40	3.4
1027	961	Adolph Coors	–51.5‡	35½–11⅝	12⅜	35.0	434	2.11	6	0.25	2.0
1028	984	United Merch & Mfrs	–55.1	18⅛– 1¼	5½	5.9	33	1.97	3	none	0.0
1029	972	Franklin Mint	–55.1	35⅜– 5⅛	7⅛	8.4	60	1.87	4	0.40	5.6
1030	1001	Allied Supermarkets	–61.1	6 – ⅛	⅜	5.2	5	–6.02	def	none	0.0
1031	1000	Chicago Rock Island	–71.6	9¾– 1⅛	2⅛	2.9	8	–34.69	def	none	0.0
	*	Cross & Trecker	0.0	25½–14⅛	25	8.2	204	3.22	8	0.80	3.2
	*	First Natl Supermkts	0.0	14 – 4⅝	4⅛	4.1	18	0.86	5	0.02	0.5
	*	Oxford Industries	0.0	12⅝– 7	10½	3.0	31	2.21	5	0.68	6.5
	*	Toys "R" Us	0.0	30½– 8	28⅛	8.9	251	2.13	13	none	0.0

*Not ranked last year. †Three-year price change. ‡Four-year price change.
def deficit. NA Not available.